

1 INTRODUCTION

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After the recent popular people's movement, the interim constitution has been promulgated respecting people's aspiration towards democracy, peace and progressive outlet. This historic and remarkable achievement will institutionalize the culture of consensus and move the country towards sustainable peace, democracy and development. The interim constitution of Nepal has mentioned about the structure of the state and local self governance in chapter seventeen which emphasizes on restructuring of the state. The interim constitution, in its directive principle, has stated to maintain conditions suitable to the enjoyment of the fruits to democracy through wider participation of the people in the governance of the country by way of self governance in chapter four.

In line with the spirit of constitution, Ministry of Local Development (MLD) works with local bodies from the central level to the grass roots to achieve the goals of decentralization and local development, having maintained inclusive approach to reduce the rampant poverty at local level.



Ministry of Local Development

2 OBJECTIVES

2 Objectives

The Objectives of the Ministry:

- Develop the governance system and strengthen local authorities as capable, effective and responsible institutions to facilitate access to people in a transparent and accountable manner to manage local self governance system.
- Develop institutional mechanism and process for the implementation of local and community development programs through social mobilization and effective people participation
- Facilitate to mainstream remote areas to the nation building through mobilizing diverse development initiatives.
- Make institutional arrangements for uplifting the socio-economic status of ethnic, indigenous, deprived and disadvantaged communities.
- Support the national goal of poverty alleviation through decentralization and local development.

Objectives Stated in the Tenth Plan Related to the Scope of the Ministry

Objectives to the Local Development:

- Alleviate poverty by making access to services and benefits particularly to the socially and economically backward areas, castes, nationalities, and communities.

Objective to the Decentralization:

- Alleviate poverty by involving majority of the people in the decision making process of the governance system and empowering them for overall development through local self governance.

Objective to the indigenous people and ethnic group:

- Provide development opportunities by empowering the oppressed people and people of indigenous and ethnic groups who are unable to participate actively in the development mainstream

Objective to the Dalits and neglected communities:

- Empowerment of Dalits and neglected communities on the basis of equality, and enhancement of access to the development opportunities.

3 SCROPE OF THE MINISTRY

3 Scope of the Ministry

Roles and Responsibilities of MLD

- Formulation, implementation, monitoring and evaluation of policies and programs in the field of rural and local governance, remote area development, community development, and water supply and sanitation at local level.
- Policy formulation, program implementation and monitoring of decentralization
- Training, research and investigation related to rural and local governance, remote area development, community development, and water supply and sanitation at local level.
- Demarcation and mapping of VDCs, Municipalities, and districts.
- Coordination of local development programs
- Local human resource development and mobilization of people's participation
- Work as a focal point for international relations on local governance and development
- Vital registration
- Activities related to rural development
- Appropriate technology development
- Local infrastructure and agriculture road construction and maintenance.
- Works related to deprived, disadvantaged and ethnic communities.
- Social security
- Monastery management and development
- Solid waste management, resource mobilization and environment improvement

4 DECENTRALIZED GOVERNANCE AND LOCAL DEVELOPMENT IN NEPAL

4 Decentralized Governance and Local Development In Nepal

4.1 Historical Background

Nepal has experimented with different forms of decentralization ranging from delegation, de-concentration and devolution of authority. The interim constitution visualizes decentralization as the fundamental aspect for democratic framework. The overarching goal of the decentralized governance in Nepal is to strengthen pluralist democracy and poverty reduction.

Nepal's experience with decentralization goes back to 1960s when a four-tiered democracy was promoted right from the village to the district, zone and the center. But a landmark decision was taken with the enactment of LSGA and its Regulations in 1999, which provide local bodies with greater latitude and legal framework for financial and other development responsibilities like sectoral devolution and resource mobilization. The Act and its Regulations (including amendments) transfer central decision-making powers and the implementation authority of the local level development issues to the local bodies. They provide a framework for the process of devolution. They clarify further on the authority and responsibility in revenue collection and sharing between central agencies and the local bodies.

4.2 National Policy Framework

Local Self Governance Act (LSGA), based on the recommendation of Decentralization Co-ordination Committee in 1996, has given VDCs, Municipalities and DDCs greater political, administrative and financial powers to lead, facilitate and manage local self-governance and participatory development. It creates a framework for decentralization under which community members at the grassroot levels identify their needs, collectively develop appropriate programs to meet such needs and implement them with greater accountability and transparency.

4.3 Principles and Policies of LSGA

- Devolution of power to Local Bodies to make them capable and efficient in local self-governance.
- Development of institutional mechanism and functional structure in Local Bodies capable of bearing responsibilities.

- Devolution of power to Local Bodies to collect and mobilize resources required to discharge function, duty & responsibility.
- Orient Local Bodies towards establishing the civil society based on democratic process and people's participation
- Make Local Body accountable to the people.
- Encourage the private sector to participate in local self-governance in the task of providing basic service

4.4 Salient Features of LSGA

LSGA has outlined a comprehensive devolution of political, fiscal, administrative, institutional planning and market which cover tasks, functions, responsibilities, resources and accountability to local bodies with proper authorities and defined roles and responsibilities of each tier of local bodies which are as follows:

- Provisioned for resource sharing and local resource mobilization
- Provisioned for financial management and auditing system
- Has given Local Bodies power to create positions and frame conditions for local (personnel) services
- Provisioned the establishment of sectoral units within Local Bodies
- Enabled the establishment of Local Bodies Fiscal Commission
- Enabled the formulation of Decentralization Implementation and Monitoring Committee (DIMC) and its Working Committee
- Provisioned participatory planning process (periodic plan, annual plan),
- Resource mapping and establishment of information and documentation unit.
- Provisioned for compulsory inclusion of women and deprived and disadvantaged communities in Local Bodies and their activities

4.5 Decentralization Implementation Plan (DIP)

Decentralization Implementation Plan (DIP) which clearly defines the role and responsibilities of stakeholders to materialize the decentralization and is a time bound plan developed and approved by Decentralization Implementation and Monitoring Committee (DIMC) in 2000, which is chaired by the Prime Minister. It makes a significant departure in Nepal's decentralization efforts. First, it calls for a time-bound implementation of decentralization reform process to operationalize the provisions of LSGA. Secondly, it marks the primary effort for devolution as opposed to deconcentration or delegation of authority. Local bodies will gradually assume sectoral functions managed by sectoral line agencies previously.

Also it lists responsible institutions for implementing the decentralization policies. It has included devolution in a package, which includes delineations of functions for each level of local bodies; make available fund to accomplish assigned functions and authority; assign functionaries at local level which are accountable to local bodies; develop capacity of local bodies to deliver service in an effective, efficient, economic and equitable manner to the local people; and establish effective monitoring system. However, due to long conflict and absence of parliament in the center and elected representatives at local level, the DIP could not be fully operational.

4.6 Capacity Building Initiatives

Different capacity building initiatives have been launched at the local level. A major initiative has been to strengthen management and planning capacity at the center as well as districts. Sixty-six districts receive technical support under DLGSP. Additional eight districts receive it through WUPAP and another ten districts through Rural Development Program (RDP). Some programs complement the on-going initiatives in the districts like Decentralized Action for Children and Women (DACAW) and Population and Reproductive Health Initiatives (PARHI) through decentralized decision making process.

Human Resource Development Centers (HRDC) are established in 25 partner municipalities through Rural Urban Partnership Program (RUPP). However capacity building support to VDCs is not enough. The Village Development Program (VDP) supported by DLGSP utilizes the basic concept of social mobilization and is supporting poverty alleviation initiatives in 880 VDCs of Nepal through Local Development Fund (LDF) arrangements, which has been established under LSGA in 66 districts and is fully operationalized. 80 VDCs of western Terai and 40 VDCs of remote districts of uphill are under social mobilization program under PAPWT and WUPAP.

Rural Road Maintenance Fund (RRMF), Municipal Development Fund (MDF) and DFDP also help programs in various districts and municipalities. In the infrastructure sector, Decentralized Rural Infrastructure and Livelihood Project (DRILP), Rural Water Resource Management Project, Rural Access Improvement and Decentralized Program (RAIDP), RCIW, RAP, SBD and DRSP through ADB, World Bank, UNCDF, DFID, WFP/GTZ, FINIDA and Swiss support are laying down the basic infrastructure required to facilitate local development.

5 INSTITUTIONAL ARRANGEMENT

5 Institutional Arrangement

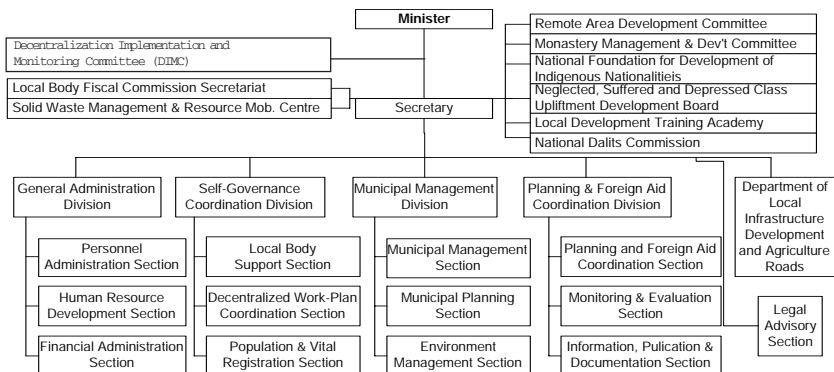
The institutions for initiating policies and implementing decentralization are well defined in the LSGA. They include Decentralization and Implementation Monitoring Committee (DIMC), National Planning Commission (NPC), Ministry of Local Development (MLD), Ministry of Finance (MoF) and other development related line ministries, civil society organizations and private sector at the central level; and VDCs/ Municipalities, community organizations (COs), users groups (UGs), Non-Government Organizations (NGOs), Line Agencies and private sector at the district, village/municipal and community level. The local bodies' associations (ADDC/N, MUAN, and NAVIN) are playing catalytic role to promote decentralization and capacity building of their respective partners.

Under the provision of LSGA, DIMC chaired by Prime Minister and represented by all ministers, Local Body Associations and other relevant agencies, has been formed to oversee the implementation of LSGA and overall decentralization. The DIMC is supported by its working committee chaired by the Minister for Local Development includes experts of six different areas.

Ministry of Local Development is working with different working partners such as ministries, departments, local bodies, academies, commissions, committees, programs, projects and governmental institutions to facilitate devolution and capacity building.

5.1 MLD's Organizational Structure:

Organogram of the Ministry



Besides these, MLD is the link ministry for local bodies (DDC - 75, Municipalities - 58, VDC - 3915) and it advocates and facilitates different academies, committees, commissions, programs and projects at the central level.

5.2 *Institutions under MLD*

- Local Development Training Academy (LDTA)
- Local Bodies Fiscal Commission (LBFC)
- National Dalit Commission (NDC)
- Remote Area Development Committee (RADC)
- National Foundation for Development of Indigenous Nationalities (NFDIN)
- Monastery Management and Development Committee (MMDC)
- Neglected, Suffered and Depressed Class Upliftment Development Board (NSDCUDB)
- Solid Waste Management and Resource Mobilization Center (SWMRMC)

5.3 *Major Programs and Projects under MLD*

Government of Nepal Funded Programs and Projects:

- Social Security (For senior citizens, incapable, disabled and widows) Program
- Upliftment of Indigenous Nationalities and Praja Development Program
- Local Development Training Academy (LDTA)
- Remote and Special Area Development Program
- Monastery Management and Development Program
- Neglected, Suffered and Depressed Class Upliftment Development Board (NSDCUDB) Program
- National Dalit Commission
- Local Body Fiscal Commission
- Solid Waste Management Program
- Local Bodies Grants (DDCs, Municipalities and VDCs)
- Secretariat of Decentralization Implementation and Monitoring Committee
- Rural Water Supply and Sanitation Project
- Agriculture and Local Level Roads Project
- Participation based Development Program
- Rural Road Maintenance Fund
- Constituency Development Program
- District Transport Master Plan Road Construction Fund

UN Supported Projects

- Decentralized Local Governance Support Program (DLGSP) (funding by UNDP and Norway) - 66 districts
- Rural Urban Partnership Program (RUPP) - 30 municipalities
- Community Owned Primary Education (COPE) - 6 Districts and 10 -municipalities
- Public Private Partnership for Urban Environment (PPPUE) - 10 municipalities
- Decentralized Financing and Development Program (DFDP) - 20 districts
- Decentralized Action for Children and Women (DACAW) - 15 districts
- Population and Reproductive Health Integrated Project (PARHI) - 6 districts

IFAD funded Projects

- Western Uplands Poverty Alleviation Project (WUPAP) - 8 districts

WFP/ GIZ/DFID supported Projects

- Rural Community Infrastructure Works Program (RCIW) - 25 districts

World Bank Funded Project:

- Rural Access Improvement and Decentralize Program (RAIDP) - 20 districts

Asian Development Bank funded projects

- Decentralized Rural Infrastructure and Livelihood Project (DRILP) - 20 districts
- Governance Reform Program (GRP) - at the center level

SWISS Development Cooperation Supported Projects

- Trail Bridge Sub Sector Program (TBSSP) - 60 districts
- District Road Support Program (DRSP) - 6 districts
- LILY, LISP (Helvetas)

Finland Supported Projects

- Rural Village Water Resource Management Project (RVWRMP) -9 districts
- Strengthening Environmental Administration and Management at Local Level -Nepal (SEAM-N) - 2 districts and 3 municipalities

DFID Supported Program

- Rural Access Program (RAP) - 6 districts

Canadian Supported Project

- Community Environmental Awareness and Management Project (CEAMP) - 4 districts

6 KEY ACHIEVEMENTS IN THE YEAR 2006

6 Key Achievements in the Year 2006

The Ministry of Local Development has been performing its various tasks by its own or through DDCs, VDCs/Municipalities and different committees, academies and commissions. A brief description of some of the major activities performed and achievements made in the year 2006 is highlighted below.

6.1 *Legal and Procedural Framework*

The MLD has taken different initiatives to support the decentralization and local governance which are briefly mentioned below:

Amendment of Contradictory Acts with LSGA and Revision of LSGR/LBFAR :

LSGA has not been fully implemented yet mainly because some of the clauses of 23 other Acts are still found to be contradictory with LSGA. The Ministry has been working to amend those Acts in near future so that the provisions mentioned in the LSGA can be brought into implementation in a smooth manner. Out of the 23 Acts, ten Acts have been forwarded to the parliament for amendment, while three other are being reviewed by a high level Coordination Committee chaired by the Chief Secretary. Series of discussions have been held with the concerned ministries to amend the acts in line with the spirit of LSGA. Additional initiatives have to be taken from the concerned ministries to forward remaining sectoral acts to the Coordination Committee for its consideration.

Government has amended the Local Self Governance Regulations 1999 and Local Bodies (Financial Administration) Regulations 1999. With this amendment taxation system would be more scientific, revenue sharing to be more effective and financial procedures are amended in line with central financial rules, which will open window to the local bodies towards more autonomy. The LSGR and LBFAR are further reviewed to make them friendly to local governance system with a view to promote effective decentralization. Based on the review the third amendment of LSGR has been done. This amendment has further clarified the tax rate and base of local bodies. Similarly, the amendment has also strengthened personnel management system of the local bodies.

Local (Personnel) Service Act (LSA):

The Ministry has prepared the draft of the Local (Personnel) Service Act with the wide consultation of concerned stakeholders.

Kathmandu Metropolitan City Act (KMCA)

A draft of the KMC Act has been prepared with the provisions to overcome various issues regarding urban planning.

Operational Guidelines and Strategies:

The Ministry has facilitated for developing Operational Guidelines as per the need of the ministry and mentioned in the budget speech of current fiscal year. Keeping this in mind, VDC Grant Program Operation Procedure 2063, Social Security Operation, Agricultural and Local Level Road Implementation have been issued. Similarly, Operational Procedure for Participatory Development Program 2006 and Constituency Development Program Regulation with some amendment in the previous procedures have been prepared and published. Previously, Operational guideline on NGO operation was issued with the objectives of effective coordination, program implementation and avoidance of duplication.

Social mobilization Guidelines for rural development programme has been approved from the government and circulated to concerned DDCs for implementation.

6.2 Decentralization and Devolution

Fiscal Decentralization

Fiscal Decentralization aims to make efficient allocation of resources via a responsive and accountable government to enhance service delivery. Local Body Fiscal Commission (LBFC) has been performing its tasks to enhance fiscal decentralization. The commission has been re-formulated on the chairmanship of Honorable Minister for Local Development and clarified the scope of work for the commission. After the reformulation of the commission, a meeting was arranged which has provided guidance to accelerate further activities. A five-days training program on Fiscal Decentralization was conducted for high level officials from different ministry to get momentum by policy feedback in the area of fiscal decentralization. Study on Effectiveness of Internal Audit System in the DDCs and Municipalities has been completed. The Commission has

also conducted study on Implementation Status of Integrated Property Tax in Municipalities. In addition to these, Commission has published the study report on Fiscal Monitoring and Fiscal Analysis of DDCs and VDCs during the period. Workshops on fiscal analysis of municipalities have been completed in Dharan, Pokhara and Dhangadhi with the involvement of 21 municipalities which were jointly organized by the commission and Udle. With all these, the Commission is providing guidance on fiscal decentralization. DDC and VDCs block grants have started to flow directly from Ministry of Finance to concerned local governments.

Status of Sectoral Devolution

The DIP has come into effects since 2002 and it has made provision for sectoral devolution. Till now the following sectors have been devolved to LBs:

- a. Agriculture Extension and Livestock Services
- b. Primary Education
- c. Basic Health Services
- d. Local Infrastructure Development

The Ministry has facilitated to revise the devolved sectoral guidelines of agriculture, health and education so that they are more responsible towards the community need. In addition, the sectoral devolution strategy has been prepared. The achievement of sectoral devolution until now is as follows:

- More than 2263 primary schools have been handed over to the communities.
- Agriculture extension/livestock services have also been devolved in all the districts.
- More than 1417 local health institutions (including primary health center, health post, and Sub health posts) have been handed over in 28 districts.
- The local infrastructure works such as rural roads, drinking water, small irrigation etc have been devolved to the local bodies. Further initiation for devolution of infrastructure is proposed as Local Infrastructure Development Policy, 2001.

Full Devolution:

Government had proposed to pilot full devolution in the selected 14 districts in the fiscal year 2004/05. For this purpose, a full devolution study report has been prepared, potential districts identified, guideline

prepared and the proposal had been forwarded to the cabinet for final decision. However, the cabinet had not decided on the proposal. The present government is positive towards devolving power and authorities to Local Governments and review of the proposed devolution strategy is being.

Decentralized Fund Flow

A mechanism to flow funds to the districts in a decentralized manner has been introduced from 2003. The District Development Fund (DDF) in all DDCs has been institutionalized and operationalized as a non-operating account. Hence, governments as well as donor support in districts have been channeled through DDF. To bring DDF into operation, a manual has been prepared. It provides separate provision of accounting codes for DDCs which will revitalize the role of DDC in managing devolved fund. It also supports to make district treasury operational and effective as well as financial coordination and control.

6.3 Revenue Sharing and Financial Management

Provisions made and steps taken to improve financial Management system in Local Bodies

Maintaining transparency and keeping sound database in scientific manner is the key concern of financial management. Keeping this in mind, Accounting Software for District Development Committee has been modified and improved to comply with new technology. Direction has been given to all District Development Committee to run and operate this software. To maintain connectivity for accounting software, a server has been established in the center to link with the local financial database. For this, contract has already awarded to establish network between MLD and DDCs through suitable system. With this, it is much easier to get online information and provide instant feedback to local bodies to maintain financial discipline.

Human resource development in the area of financial management can contribute smooth record keeping of financial matters. Focusing in this issue, three days On the Job Training for 145 account personnel of different local bodies has been trained. In the same way, seven days training of newly developed Accounting Package (DDCFAMP) has been provided to related staff of 68 DDCs to implement the Computerized Accounting System and staffs from remaining 7 DDCs will get this training in near future.

Mandatory provision has been made to establish consolidated fund in Local bodies to channelize the fund flow mechanism. Each and every District Development Committee has their district development fund. Similarly each and every Municipality and Village Development Committee has their own consolidated fund. Local bodies have their separate bank account in separate 'Ga' group which differ from central government office's bank account. In one hand this provision has fulfilled the legal obligation and in the other hand systematization and harmonization as expected in Local Bodies financial administration. Close monitoring of 'Ga' bank account for different local bodies has been continued throughout the year. Further simplification of the system has made easier to operate.

Review on Revenue Sharing of Local Bodies:

Though the Government has started a policy of sharing revenue from various sources with the local bodies, this arrangement has not been fully operationalized due to various reasons. As a result, a review was undertaken to make the practice of revenue sharing more efficient and effective. The sharing of revenue generated from tourism activities (trekking and expedition) has been initiated. Also revenue sharing mechanism from hydropower royalty has been received and implemented. Recently revised Local Self Governance Rules has made provisions of 50 % of the revenue generated through hydropower has been channelized to local bodies. A guideline for sharing and utilization of Hydro power revenue for DDCs has been approved by the government. The guideline has made provision to set aside prescribed percentage of revenue to be spent on upstream, surrounding and downstream of the hydropower plant with a view to compensate local people and to promote sustainable development of that area. Other sectors, for example, mountaineering, trekking, conservation area have also been identified for further potential revenue areas. Similarly, Revenue from the land registration has also been made progressive after making amendments in LGSR.

Clearance of Misappropriation (Beruju):

The ministry has paid its high attention towards minimizing misappropriation. NRs. 669.25 million which is 28.22% of total misappropriation has been cleared in FY 062/63 within the ministry. Ministry is taking initiation in a rigorous way to make significant improvement in clearing misappropriation.

6.4 Policies, Planning, Programming and Projects

Policies and Planning:

Under the Ministry, 39 central level programs/projects have been implemented using resources of Government of Nepal & different development partners. Considering the changed context of the country, an interim plan is going to be prepared by National Planning Commission. In this regard, the ministry has drafted & submitted the plan within its scope (Local Development, Decentralization, and Social Inclusion & Rural Infrastructure) for its consideration. In order to ensure resources for prioritized program and accelerate the development efforts, the Medium Term Expenditure Framework (fifth) has been revised & updated. Considering the issues of gender mainstreaming, Gender Responsive Budget system is also initiated.

Guideline for the People's Participation Program has been approved. The focus of this Guideline is to enhance the infrastructure services in municipal area, with the cost sharing and participation of local people. This Guideline has given more priority and budget allocation to poor municipalities. In the same way, Suspension Bridge Building Strategy has been approved as per the spirit of decentralized governance. A local infrastructure development policy 2004 has also been prepared and published. It is assumed that with the help of physical and social infrastructures the access of local people to the social services, economic opportunities and resources shall be enhanced.

For the continuation of local development efforts, agreements with development partners for various programs/project have been made. The agreement between Government of Nepal & Government of Finland has been signed for Rural Village Water Resource Management Project (RVWRMP). This project is being implemented in 9 districts of Far and Mid-Western Development Region (Darchula, Baitadi, Dadeladhura, Bajhang, Bajura, Doti, Acham, Dailekh & Humla) Similarly, the agreement between Government of Nepal & Swiss Government has been signed for District Road Support Programme (DRSP) 3rd phase. This project is implemented in 6 districts (Dolakha, Ramechhap, Sindupalchowk, Kavre, Sindhuli & Okhaldhunga). The agreement between Government of Nepal & Government of Korea has been signed for the construction of Nepal-Korea Friendship Hospital which is will be implemented with the support of Madhyapur Thimi municipality.

Some programs/projects are going for further expansion considering their positive impact on local development. Strengthening of Environmental Administration and Management at the Local Level (SEAM-N), Poverty Alleviation Program in Selected Rural Areas of Nepal (PASRA) & Urban Development through Local Efforts (UDLE) have been renewed.

In addition, the ministry has facilitated for grant and other support. In this regard, the Ministry provided concurrence to 41 small project proposals to be submitted to Embassy of India for small grant project through Local Bodies. Waste Disposal Vehicles are provided to Kathmandu Metropolitan City & Lalitpur Sub-Metropolitan City under Japanese grant. Rural Road projects & Rural Drinking Water Projects are handed over to Local Bodies as per the spirit of decentralized implementing system. The review of Western Upland Poverty Alleviation Program (WUPAP) has been done and no cost extension upto July 15 of the program was mutually agreed by government and IFAD and second phase document is under preparation.

To make the performance of the Ministry more effective and efficient, Annual work-plan & Immediate Action Plan have been approved & implementation responsibility has been assigned as per focused policies. Besides this, Activities Plan have been prepared and is under implementation which integrates the concerns of immediate action plan, policies of the budget and direction given by the Prime Minister, medium term policy matrix and a public sector management programme.

MLD has started to facilitate mid-term review of district periodic plans and some districts have reviewed such plans accordingly. Likewise, about 50 DDCs have been implementing their annual work plans and budgets in line with District Periodic Plans (DPP) by integrating plans and programs of sectors as well.

Continuation of Local Bodies Operation:

Government has made provision for the continuation of Local Bodies in different circumstances with a view to run Local Bodies in smooth manner. Considering effective service delivery and local development as crucial for public, Government has timely made decisions for Local Bodies operation.

Public Private Partnership:

The Ministry has adopted Public Private Partnership policy for local bodies to tap the resources of the private sector for local development purposes. Besides the policy, the Ministry, after a long discussion, has come up with appropriate provisions in the local self governance regulations to form a committee on public private partnership at local level. A guideline has also been published for the implementation of public private partnership policy at local level.

Rural Infrastructure Policy and Strategy

An infrastructure strategy had been developed for the rural areas in 1997. The Ministry has carried out a review of the strategy with a view to making Local Bodies responsible in constituting rural infrastructure by providing technical support by the centre (DoLIDAR & MLD). At the mean time Local Infrastructure Development Policy has been prepared, approved, published and is being implemented by the local bodies.

Grant Support for local development activities from the ministry

Government of Nepal has released a sum of Rs. 4969.7 million as a grant fund to the local bodies including DDCs and VDCs with VDC grant mobilization guideline. The distribution of DDC grant is based on formula that include population (20%), area of the district (10%), human development index (50%), cost index (20%) along with the analysis of internal revenue received from the respective districts. With these amounts facilitation was undertaken through operational support, capacity development of Local Bodies and different rural infrastructure development activities like road, drinking water, irrigation, bridge, and other social and income generation activities have been conducted in the year 2006.

In addition to these grant, Ministry has allocated Rs. 987 million as Local Development Fee to 58 municipalities and Rs. 268 million as Reserve Fund to 41 municipalities.

Major ongoing Programs and Projects:

The Ministry has streamlined local Infrastructure works with its department (DoLIDAR) and formed partnership and collaboration with a number of donor-funded programs and projects to execute development related activities as follows:

**DoLIDAR : The only department and technical arm of the ministry
for Local Infrastructure Development**

Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR), the only technical hand of Ministry of Local Development provides technical backstopping to local level institutions in the country. It provides technical services on planning, implementation and post implementation activities of local infrastructure development projects to local level agencies through District Technical Offices (DIO) operating under the District Development Committees. The department also performs monitoring and evaluation of local level programs and maintains coordination amongst donor agencies including with other sector development partners. The major achievements of the DoLIDAR during the year 2006 are listed as follows:

The department is under preparation of Strategic Action Plan of seven different sectors in accordance with the Local Infrastructure Development Policy 2061. An initial formulation of PPTA team for rural roads investment plan for Rural Infrastructure Rehabilitation and Reconstruction (RIRR) project has been formulated To get updated information of rural roads for planning, implementation and maintenance to meet the target stated in national periodic plan, updating of Rural Road Inventory is almost completed. With a view of smooth execution of rural road construction work, preparation of guidelines and action plan of rural roads has been made. It is envisioned that the guideline shall provide a basis for the application of basic engineering fundamentals in rural road construction and maintenance in the country. In addition, to asses the service delivery from service centers, preparation of accessibility profile of service center of Nepal has been completed.

Trail Bridge construction

Community Rural Road Bridge programme is started as a pilot road bridge project since 2062/63. It has made a positive impact on the rural road sector due to community participation and social mobilization. There is high demand from local authorities to construct such type of cost effective bridges on rural roads for all weathered traffic. The following fifteen districts are covered from the programme; Siraha, Rautahat, Kavrepalanchowk, Lalitpur, Bhakatpur, Dhading, Tanahu, Lamjung, Kaski, Rupandehi, Kapilbastu, Parbat, Dang, Banke and Kailali.

Six following districts are selected for Community Rural Road Bridge construction in the fiscal year 2062/63;

1. Khudi Khola Community Rural Road Bridge, Kaski
2. Jhanjh Khola Community Rural Road Bridge, Lalitpur
3. Godawari Khola Community Rural Road Bridge, Lalitpur
4. Gadgade Khola Community Rural Road Bridge, Parbat,
5. Modi Khola Community Rural Road Bridge, Parbat
6. Ghoghahawa Khola Community Rural Road Bridge, Kapilbastu

Among the above bridges, Khudi Khola Community Rural Road Bridge in Kaski district has been started in the fiscal year 2062/63 and the physical progress was sub structure completion.

Similarly, Suspension Bridge Division works for construction and maintenance of trail bridges. In 2006, construction of Thotnekhola trail bridge in Okhaldhunga, Lubhughat and Birtaghat Golmatar in Ramechhap, Genjung in Manang, Dhorpatan in Baglung, Letekkhola in Mustang, Kudu chaurjhari in Rukum, Rappokhari in Surkhet and Chiltada trail bridge in Achham have been completed. In addition, 12 trail bridges and steel truss bridges have been constructed by DDCs in support of the division namely Pikhawa khola in Bhojpur, Raighat in Dhankuta, Hattitar in Ramechhap, Hugdidovan in Dhading, Syuchatar and Madanagar Steel Truss Bridge in Kathmandu, Dovanbudha and Darpuk Beltar trail bridge in Palpa, Jyamireghat trail bridge in Gorkha, Dhyakarkhola trail bridge in Mustang, Potakhola and Paudi trail bridge in Bajhang district. Besides these, the major maintenance survey works of bridges were completed in the same period. The division has received 150 Digital Level Machines, 75 Theodolites, 50 Delta scope and 100 Pulling wire rope machines provided by NEG, Japan and are in the process of handover to District Technical Offices.

In the same way, Local Development Construction and Agricultural Road Project has constructed 543 km earthen road, 195 km graveled road and 30 km black-topped road. The project has completed 444 culverts and causeways. 283 km of road maintenance work has been completed in the same period. The project has made detail engineering survey of 214 km for the construction of road. Besides these physical achievements, the project has prepared Agricultural and Rural Road Execution Guideline and five year action plan for agricultural and rural road projects.

Rural Water Supply and Sanitation Services to local communities:

Out of 942 numbers of Gravity Flow WS Projects (620 projects handed over from District Water Supply Section and 321 projects selected from DDCs), 152 schemes have been completed so far serving 160000 populations from the completed projects. In FY 2062/63 NRs. 420 millions is invested under the programme.

In July 2006, Rural Village Water Resources Management Project, RVWRMP is signed between the Government of Nepal and the Government of Finland. The proposed project will cover 9 hilly/mountainous districts (Darchula, Baitadi, Dadeldhura, Bajhang, Bajura, Doti, Achham, Dailekh and Humla) in the Mid- and Far Western Development Regions of Nepal with a total population of approximately 1.5 million. The Project focuses on rural water supply and sanitation and Micro-hydro. The total project cost is 13.757 million EURO and the project duration is 4 years.

Achievements of Rural Access Improvement and Decentralization Project (RAIDP):

The objective of the project is to enhance access to social services and economic opportunities through improved rural transport infrastructure. The coverage of the project is Kailali, Bardiya, Banke, Salyan, Kapilvastu, Rupandehi, Nawalparasi, Palpa, Syangja, Kaski, Dhading, Nuwakot, Rasuwa, Makawanpur, Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha, Udayapur. The achievements made are:

- 242 km of upgrading work of 35 roads started in all 19 districts (except Rasuwa district) and around 48 percent of the work has been completed.
- 1331 km of rural roads has been maintained.
- 89 no of trial bridges were identified and implementation started by 28 districts. Design of the 80 bridges has been completed and first phase construction of 69 bridges site is ongoing.
- Survey for Base line data collection from project districts completed.
- Second year programs submitted for review from 12 districts.

Major works done under Decentralized Rural Infrastructure and Livelihood project (DRILP)

An agreement of DoLIDAR with 18 Project Districts has been made to launch the projects in the districts according to the ADB guidelines. In order to make institutional arrangement for smooth operation of the selected projects, District Rural Construction Committees have been formed in all 18-project Districts. District Transport Master Plans have been prepared in all 18-project districts with the support of the project. Similarly, District Road Maintenance Funds have been established in 17-project Districts. Identification of long lists of sub-projects has been completed in all 18 project Districts. Resettlement survey of Okhaldhunga-Phaphlu Rural Road has been completed. Notices inviting to submit the proposal for the selection of District Implementation Support Consultant have been publicly published for DISCs in Jajarkot and Humla District. Rural Road Maintenance Fund (RRMF)

Total budget of NRs 40 million has been proposed for current fiscal year 063/64. Maintenance of 105 Km road in 19 municipal area and additional 530 Km road in 28 DDCs have been completed.

Support on Decentralized Local Governance

Decentralized Local Government System has supported participatory people centered development at the VDC level, capacity development of local bodies at the DDC level and policy support at the Center. Decentralized Local Governance Support Programme (DLGSP) with the support of UNDP/Norway has laid focus in macro, meso and micro level on decentralization and socio-economic empowerment of disadvantaged groups, including Dalit and Women through holistic social mobilization and other proactive measures. Major achievements of this program in 2006 are as follows.

At macro and meso level, Fifteen DDCs have prepared capacity development strategy to improve service delivery mechanism. Computerized accounting package has been upgrade to establish income and expenditure statement as per the LSGA. Support was provided to 18 DDCs in 2006, to install computerized account package. 46 staffs of DDCs were trained on computerized accounting package, planning software has been installed in 10 DDCs. 74 staffs of 35 DDCs were provided training on GIS. 50 Staffs of 25 districts were provided training on public hearing. On the whole, a total of 391 staffs have been trained in different topics including gender mainstreaming, HIV/AIDS and conflict

transformation. 25 districts have conducted public hearing with the support of DLGSP. Devolution guidelines (Draft) for the central level and its implementation for the district level have been prepared. Alternative service delivery strategy paper has been prepared to provide basis services in rural areas in the context of decentralization. Integrated Social Mobilization Guideline has been prepared to avoid duplication and overlapping in the social mobilization process. With the advisory support of the program, 22 districts have allocated budget for HIV/AIDS in their annual plan and 33 districts have allocated budget for gender mainstreaming. Micro-credit review study has been conducted to review and enhance micro-finance operation. The study has pointed out issues regarding the quality of loan portfolio operated under Local Development Fund (LDF) and the scope of internal and external credit.

At micro level (VDCs and communities), under Village Development Programme (VDP) in 880 VDCs, accumulation of 21730 Community Organizations (COs) have been formed by encompassing 530108 members (51% women), of the total members 15% are dalits, 37% nationalities and 48% others. 9249 women members are leading COs as chairperson and 7797 as managers. Community Organizations have generated a capital amounting to Rs. 657 million. A total of 1381 community infrastructure projects have been completed. These projects are irrigation (431), conservation (502) and others (161) (school buildings, community halls, culvert, bridge, track/trail). About 18,000 households have been benefited from community infrastructure projects of which 23% are Dalits, 36% ethnic/indigenous nationalities and 41% other communities. VDP has contributed to increase primary school enrolment of boys 85% and that of girls by 80%. Number of households having access to drinking water within 15 minutes distance has increased by 75% in VDP-VDCs from the previous 62%. A total of 34780 CO members have been trained in different subjects in the year 2006. Out of 34780 members trained 20% are Dalits, 39% nationalities and 41% other communities. Similarly, 38577 members initiated micro enterprise for livelihood with credit support out of which 48% are females. 9249 women have assumed the post of chairperson of CO and 7797 have been the managers of the same. Community Development Fund has been established in 130 VDCs to handover management responsibilities to the COs.

Addressing the issue of children and women

Progress up to December 2006 of the nine result areas of Decentralized Action for Children and Women (DACAW) implemented in 15 districts

and 8 Municipalities with the technical and financial support of UNICEF/ Norway are as follows:

Education: In 2006, MOES/DoE has formally accepted and published a gender strategy with respect to female teachers and Girls education in the primary education system. A total of 6,261 schools and Welcome to School (WTS) campaign has increased the enrollment of disadvantaged children in grade one by 17 percent compared to 2005. However there has been an overall drop in enrollment for girls in these districts by 8%. By end Dec 2006, a comprehensive package to support school and community management, child friendly methods has been introduced to more than 2700 schools. Similarly, 15,162 out-of-school children in DACAW districts were supported with non-formal education programs. This includes 142 School Outreach Program classes. 12,635 persons completed a 10-month cycle of non-formal education courses. During the period, 3,683 School Improvement Plans were developed and updated, 70 VEPs and 15 DEPs were made in the DACAW districts.

Child protection: By December 2006, 391 Para-legal Committees are functional. A total of 1500 teachers from DACAW and QIP districts have been trained on Teaching and Learning package. In 2006 a draft of "Rules and Procedures on Juvenile Justice" have been developed.

Maternal health: Delivery by health workers in Dang, Saptari and Panchthar is available to 25% of pregnant women, compared to 26% in 2005. In 2006, EmOC (Emergency Obstetric Care) services are available in Saptari, Panchthar, Dang, Kapilbastu, Udaypur and Humla and utilized by 20 % women with maternity complications, compared to 17 % in 2005. In 2006, Comprehensive EmOC services (CEmOC) are available in Saptari, Panchthar, Dang and utilized by 29 % of women with maternity complications. In 2006, a need assessment of maternal and newborn health services was completed in 8 districts.

Child health: The DPT3 coverage increased to 93% compared to 80% in 2005. The number of districts with DPT3 coverage above 80% increased to 58 in 2006, compared to 31 districts in 2005. In 2006, 34% of expected pneumonia cases in children under five years received treatment at community level. In 2006, 71% (486 out of 680) health facilities of 13 districts have a functional VDC level Health Management Committees. 86 % (178 out of 206) health facilities in four districts have a functional drug-revolving programme compared to 83% of health facilities in 2005.

Child and maternal nutrition: 87 % of the targeted 71,300 children 0-3 year old in CAP settlements were reached with regular growth monitoring compared to 87 % of the targeted 67,600 children in 2005. In 2006, progress has been achieved in the area of nutrition of children, iron supplement to pregnant women and supplement of vitamin A.

Early childhood development: 17,693 caregivers of under-five children in CAP settlements have completed parenting orientation compared to 17,169 in 2005. In 2006, 21% of children 3-5 years old in CAP settlements are enrolled in child development centers, compared to 14% in 2005.

Water and sanitation: National Sanitation Action Week was observed throughout the country. Awareness promotion and progress in the areas of school sanitation and hygiene education, installation of latrines, child club establishment in schools, water supply facilities and test of arsenic contamination was achieved.

HIV/AIDS: 4 additional PMICT (Prevention of Mother To Child Transmission) sites became operational. Activities on pre-test counseling on HIV for pregnant women, Life skill based education; peer education program and establishment of youth-friendly multipurpose service centers have been conducted.

CAP (Community Action Process)/Governance: 29% of the VDCs (250 out of 853) were implementing CAP. In 2006, 78% of the households in CAP settlements were covered by CAP with the coverage of 76% of the DAG households. 23 districts were covered by DACAW programme as compared to 15 districts in 2002 and an original target of 20-25 by 2006. 3,438 number of child clubs were formed.

Primary Education Owned by the Community

To enhance decentralized management of primary education and bottom up planning, COPE supports local bodies in primary education management, promotes community ownership of schools, provides access to disadvantaged children to primary education in their communities, and improves quality education with the support of UNDP. In line with these program objectives, key aspects of the project strategies are as follows:

- Community owned schools managed by community organizations
- Local bodies enabled to manage education sub sector
- Ensure access of quality primary education to disadvantaged children
- Ensure affirmative actions for bridging gaps in education

Capacity building of local bodies, institutions and communities through their involvement in planning activities, management trainings and experience sharing visits, which COPE has been doing, are helping to promote participatory local governance.

Seven Municipal Primary Education Plans along with annual actions plans have been prepared and approved by the municipalities; as a result municipalities are better coordinated and organized in primary education service delivery. Guideline for social audit has been prepared and social audit was conducted in 120 COPE supported schools. About 500 School Management Committee (SMC) members were trained on process of social audit of school. From these, transparency of school account and participation of people in school affairs have been raised.

In training part, 289 SMC members were trained on primary education management. Training manual on School Management has been produced in collaboration with Save the Children and Ministry of Education and Sports. Training for 304 female teachers on basic package of teacher training of seven and half month duration has been provided and orientation on HIV/AIDS and maternal health has been made in this period. Capacity building of teachers in teaching process was emphasized and in this connection, 120 teachers were trained on child centered teaching and learning skills.

Advocacy and campaign for school as zone of peace has been conducted in Achham and Kapilbastu district in collaboration with UNICEF. Likewise, declaration of Universal Primary Education (UPE) in 4 catchments area of COPE supported schools in Achham district which resulted in 100% children enrollment and one of the MDG goal met at catchment level.

In infrastructure development part, support has been provided to 120 community schools to build child friendly class rooms. In addition, 230 community schools were supported with teaching and learning materials. From all these, numbers of students enrollment by sex and castes, number of teachers, female members in School Management Committee were found to be increased which is supportive in attaining primary education by all.

Rural Community Infrastructure Works: Responding food insecurity

Rural Community Infrastructure Works Programme (RCIW) has been Government's serious response to food insecure poor communities and taken as number one priority programme. RCIW working together with World Food Programme (WFP), German Technical Cooperation Agency (GIZ), and Department for International Development (DFID) endeavors to address constraints on food availability and peoples' access to food. The Rural Community Infrastructure Works Programme (RCIW) completed the fifth year of its second phase in July 2006 with 20

%coverage of the VDCs in its 25 working districts. Despite the conflict in Nepal, RCIW was able to continue operating because it delivers direct benefits to large numbers of rural poor; has a decentralised, transparent, and flexible approach to programme planning and implementation; and follows the Safe and Effective Development in Conflict (SEDC) approach. In 2005/06, RCIW provided payments of food and/or cash that contributed to short-term food security as each participating household earned the daily food requirements for a family of five for 82.5 days. Thus, the payments contributed to reducing the annual food deficit period of 55,634 households by 2.75 months. Among these households, 44,500 households received income from transporting rice. As well, RCIW socially mobilised over 33,000 households to engage in activities related to long-term food security.

In 2005/06, RCIW consolidated its road construction activities to ensure that it completes most of the roads that it has started. Having extended the length of motorable roads to 563 km, 67% of the RCIW roads now have vehicles plying to carry passengers and agricultural produce, suggesting that the access to markets and services has improved for the people living in the programme VDCs. As of 2005/6, 826 km have been widened to the final stage but may only be partly motorable due to missing links to road networks. In nine hill districts, RCIW has formalised district rural road maintenance committees, which will assume the responsibility of maintaining the roads. It has also increased its support of bio-engineering measures to improve the roads' sustainability.

Among its social components, RCIW has supported 1,472 self-help groups (SHGs), most of which have existed for more than three years. By 2005/06, 338 SHGs were affiliated into 43 cooperatives, which increase the access of the poor to small loans to initiate productive activities and/or to meet their household/emergency needs. However, it will take another two years for the cooperatives to attain financial viability and sustainability.

RCIW also provided rice as an incentive for women and disadvantage groups to attend participatory Learning Centre (PLC) classes, which enable them to get benefit from development interventions. Through PLC, participants basically learn to read and write and start saving/credit activities.

In 2005/06, RCIW rural infrastructures for flood control included 6.6 km of river control structures and 66 km of irrigation systems, which led to the reclamation or irrigation of 1,725 ha. of land. The estimated increase in production on this land is 1,725 MT per year. These activities directly

serve to prevent or mitigate the effects of flood related disasters in the Terai.

In 2005/06, RCIW's overall contribution its objectives included short-term employment for over 77,000 workers and extension of road networks benefiting 175,000 people. It contributed to the achievement of the Millennium Development Goals by improving the short-term food security of more than 50,000 targeted households. It also contributed to environmental sustainability of rural infrastructure through its application of the Green Road concept.



Fruit Plantation in Darchula



Masonry wall in Bagbazar-Bagarkot road, Darchula

RCIW takes social mobilization as a means of transforming the target population into active participants in the process of development. Local Government bodies (DDCs, VDCs), NGOs, self-help organizations are real implementer in RCIW. Despite all challenges encountered during last few years, RCIW with its strong pro-poor focus and commitment to transparency remains continued.

Poverty Alleviation Initiatives in the Western Uplands

Western Uplands Poverty Alleviation Project (WUPAP) with the support of IFAD has continued its work in eight remote districts (With added four districts from this year) of far western and mid-western regions (Junla, Humla, Bajhang Bajura, Jajarkot, Kalikot, Mugu and Dolpa)). Total 86 groups were formed with 40% female and 20% Dalit members. These groups collected a sum of Rs. 10, 77, 500 as saving to be invested on betterment of livelihood of these communities. From the project, Rs. 1.4 million was provided to Local Development Fund (LDF) as debt-donation and about Rs. 1.2 million was invested as debt-capital through LDF.

In addition to these, demand driven 31 community infrastructure projects have been completed; 33 leasehold forestry user groups of 500 members with 275 women and 45 Dalits formed and 1220 hectares of lease land

handed over to the LFUG; and NIFP farming in 4 hectare area in Jumla and Humla is initiated.

Decentralized Financing and Development Program

Decentralized Financing and Development Programme (DFDP) has aimed to reduce rural poverty through capital funding and enhancing capacity of local bodies to provide improved service delivery. US\$ 10.00 million grant is available to support the program. The program started with the financial and technical support of UNCDF/DFID in 2001 and has covered 20 remote districts of Nepal.

By the end of 2006, the programme has completed a total of 1436 micro-infrastructure projects worth of Rs. 583.0 million that has benefited about 2.5 Million people. In addition, a total of 5000 people have received various types of trainings and exposures under the HRD Program.

DFDP achieved significant progress in changing decentralized financing policy. For the first time, the performance based capital funding for local bodies introduced. Based on the essence and spirit of LSGA 99, Minimum Conditions (MCs) and Performance Measures (PMs) were developed and linked with the DFDP annual block grant funding. Assessment of MCs and PMs were conducted for all 20 districts with a view to institutionalizing the MCs and PMs within the local government framework. Regarding the importance and relevance of MCs/PMs, Government has decided to replicate the MCs/PMs system within its regular grant mechanism covering all districts of the country. For this, government is going to assess the MCFM conditions of 55 Non-DFDP districts.

Another major achievement was the development of generic type of Capacity Development Strategies (CDS) of the 20 DFDP Districts. Similarly to develop system and procedure at DDC level five guidelines (Planning and Project Prioritization, Monitoring and Evaluation, Users Committee Mobilization, Repair and Maintenance and Financial Management) have been prepared.

Rural-Urban Partnership Promotion

Rural-Urban Partnership Program (RUPP) is being implemented with the support of UNDP in thirty municipalities to promote interrelationship in development efforts between rural and urban areas. In the year 2006, 645 TLOs (Tole-lane organization- a community based organization) have been formed reaching more than 30,000 (till date formation of TLOs are

5,521 and number of households are 228,527) for institutional development through social mobilization. An internal saving of NRs. 50 million (till date more than NRs. 178 million) has been mobilized and out of which 80% has been invested during 2006 in the area of economic development through linkage enterprises and social requirements. Similarly, the Municipal Partnership Development Fund (MPDF) is established in all partner municipalities with more than NRs. 136 million to promote linkage enterprises. More than 30,000 entrepreneurs are directly benefited to improve their livelihoods with the credit support.

During this year, various initiatives were taken to improve transparency in municipalities. The Program has introduced the Public Hearing in the municipalities. Training of Trainers on facilitating Public Hearing is provided to the TLO members of 20 municipalities, which has helped the partner municipalities to institutionalize Public Hearing in their regular activities. Likewise, the Program has supported to prepare a guideline on Public Auditing to initiate Public Auditing in the municipalities.

With the objective of getting true picture of Internally Displaced Persons (IDPs) situation, surveys on four municipalities have been conducted. In order to provide policy feedback on Information and Communication Technology (ICT) and establish two way communications between rural and urban areas through Tele-centers, some works have been done. Nine community-owned Tele-centers and three cyber cafes have been established for ICT services. Urban Information Centers and Human Resource Development Centers have been established in twenty five municipalities as a municipal data bank and Human Resource Incubation Center. In community level infrastructure projects, 400 projects (till date 1,930) have been completed to enhance basic service delivery with the involvement of more than 550 TLOs benefiting 15683 households (Including 19% Dalit, 30% ethnic minorities). In the field of capacity building and human resource management, a total of 12,746 persons trained with 53% female participants in different areas including leadership, enterprise management, saving and credit and gender development.

Population and Reproductive Health Integration

Population and Reproductive Health Integrated Project (PARHI) is being implemented in six districts (Saptari, Mahottari, Rautahat, Kapilbastu, Dang and Dadeldhura) from 2003 with the support of UNFPA. To enhance the capacity of local community on Population, Reproductive Health and Gender, training programs were conducted to 170 community leaders.

Training programs for peer groups on ASRH was conducted. In the same way, two months training was provided to adolescent girls with a view to assist in their choice for future. Scholarships have been distributed to 350 girls and 146 poor, dalits and talented students to support for their continuation on study. Establishment of EOC matching fund at VDCs were made.

Municipal Periodic Planning Initiatives

As per the provisions of LSGA, it is mandatory for the municipalities to prepare their Periodic Plans. Such plans should contain long term vision and goals to guide their development activities as well as formulate strategies. Keeping this in mind, a guideline for Municipal Periodic Planning has been prepared and approved. With a view to support on municipal planning, 10 municipalities were supported to prepare periodic plan in coordination with different organizations and other assistance as required.

Additional Development Grant to Municipalities:

MLD has allocated NRs 18, 05, 00,000 to initiate People Participation Programme in 45 municipalities giving priority to municipalities with low resource base. With this fund different participatory development activities have been conducted to support local communities.

Population and Vital Registration:

Vital events (birth, death, marriage, divorce and migration) are to be registered in the local bodies. The Ministry has published a comprehensive annual report covering the vital registration data and is strengthening the process of record keeping in area of vital registration.

Main activities and implementation status of this section in the year 2006 A D

A. Social Security Program 2006:

- Social Security Guidelines 2006 has been formulated and issued to all local bodies and concerned agencies.
- Under this program total allocated budget was 850 million (January 2006 – Mid July 2006) of which the budget was disbursed to all 75 districts to distribute among the identified and identity card issued target groups of all the VDCs and Municipalities. The total number of identified target groups

are as follows:

S.N.	Target Group	Total Number
1.	Senior citizen	230480
2.	Helpless widow	246152
3.	Disables	6875
	Total	483507

- From Mid July 2006 –December 2006, the total allocated budget is 91 crore (for fiscal year 2006/07), of which the budget was disbursed to all 75 districts to distribute among the identified and identity card issued target groups of all the VDCs and Municipalities. The total number of identified target groups of this period are as follows:

S.N.	Target Group	Total Number
1.	Senior citizen	241233
2.	Helpless widow	256050
3.	Disables	6875
	Total	504158

B. Vital Registration Management Program :

This is a regular Program of Government of Nepal. Main activities run and the achievements made in the year 2006 are given as follows;

- Publication of Annual Report of the year 2061 B.S. (2004/005) detailing out possible data with necessary analysis. This publication has covered all the activities carried out by the section and analyzing registration figure of entire VDCs and Municipalities.
- Training on awareness and vital registration system to 250 Local Registrars in Biratnagar, Chitwan, Pokhara, Nepalgunj and Mahendranagar.
- Number of Vital events registered in VDCs and municipalities in 2006 has been shown in the following table:

Category of Vital events	Number of Registration
Birth	383255
Death	44943
Marriage	89088
Migration	37479
Divorce	116
Total	554881

6.5 Capacity Building and Human Resource Management

Municipal Planning Support:

The ministry is supporting to prepare the urban poverty alleviation strategy paper to address the issues of urban poverty and monitoring the action plans of urban poverty reduction. The ministry has submitted the proposal in the cabinet to declare 41 new municipalities according to the recommendation of technical committee. In order to systematize the resource mobilization of municipalities, the ministry has amended the "Integrated Property Tax Management Guideline". MLD has continuously providing support on yearly and periodic plan preparation of the municipalities and emphasis has been given for coordination with government agencies and donor communities. For the safety of people and promotion of environment in urban areas, the ministry has facilitated to implement the building code in the municipalities. The ministry has initiated to mobilize the Town Development Fund under the MLD to improve the physical infrastructure of the municipalities. In order to increase public accountability of municipalities, Public Audit Guideline has been prepared and it is in the final discussion before publication. Support on governance and planning process in different partner municipalities has made through the programs like RUPP and Ude as well.

Municipal Management Support

In order to conduct various developmental activities and manage municipalities, the Ministry has made provisions to provide the financial resources. Under the Local Development Fee (Reserve Fund), sixty-seven projects have been started after agreement in the cost sharing basis. In the same period, fifty-six other projects are completed which were previously agreed in different fiscal years. In order to accelerate the efforts of town development activities, Rs. 17, 60, 00,000 have been released under Municipality Grant allocated for fiscal year 063/64. Similarly, Rs. 11, 50, 00,000 have been released under Reserve Fund to conduct the programs which are difficult to operate from own resources. A sum of Rs. 98, 67, 36,000 have been provided to 58 municipalities under Local Development Fee to make availability of necessary resources through revenue sharing.

Considering the problems of street lamps occurring due to delay payment for the Nepal Electricity Authority, a sum of Rs. 27, 23, 00,000 have

been provided to Nepal Electricity Authority to ensure the facility of street lamps in the municipal areas regularly.

Ministry had previously issued specific guidelines and procedures for the facilitation of all municipalities. Among them are: Housing and Land Tax Data Collection Procedure, 2004, Integrated Property Tax Procedure, 2004; and Reserved Fund Mobilization Guideline, 2004. With the help of these guidelines, Municipalities become more efficient in data collection, tax management, transparency and fiscal devolution as mentioned in LSQA. An annual fiscal analysis report of all 58 municipalities has also been carried out. The following findings have been found in the revenue structure of the municipalities.

Tax Structure of municipalities on the FY 2060/61

Particulars	Collected revenue (in NRS million)	Weightage (%)
Local Development Fee	986	79.69
Vehicle Tax	34	2.78
Home, Land and Integrated Property Tax	142	11.48
Professional Tax	47	3.84
Other tax	28	2.26
Total (direct and indirect tax)	1237	100

The scenario shows that the dependency on local development fee is relatively very high whilst contribution from other taxes including municipal property tax seems extremely low.

Performance Indicators:

Effective organizational performance indicators have been prepared and timely revised. The indicators will help test the overall performance and management of the local bodies.

Human Resource Development

To prepare a trained pool of human resource, opportunities to take part in various training programs and seminars were provided to the employee of ministry, local bodies and concerned institutions. In this connection, one hundred and forty-eight personnel were nominated or provided approval for foreign study, training, workshop, seminar, study tour etc. Arrangements were made to participate in thirty days Project Cycle Management training for 19 Gazetted Officers (Class III) and thirty days in-service training for 29 VDC secretaries. Likewise, one hundred and seventeen personnel were benefited from in-country training seminar,

workshop etc. Five days TOT training in social inclusion for 25 trainers of LDTA, NDC, NFDIN, ADDCN, NSDCCUDB and MLD was accomplished. In addition, 4 assistant personnel have attended to English Language training. Thus, more than 200 representatives and staffs have participated in different national seminars, training, orientation program, workshops, and studies. Similarly, 117 staffs and representatives have attended the different training, workshops, and seminars abroad.

Besides these, the ministry has paid focus on participation and inclusion of dalits and ethnic communities in local level planning process. In this regard, following efforts and arrangements have been made.

- Arrangements of Indigenous People District Coordination Committees and Dalit Barga Upliftment District Coordination Committees at each district have been initiated.
- A task force team under the coordination of Joint Secretary; MLD was formed for problem identification, arrangement for the institutional management and upliftment of Other Backward Classes (OBC). Report of the task force team has been sent to different parties for their comments and recommendations.
- A steering committee is formed for the implementation of Employment Creation and Peace Building through Local Economic Development (EmPLED) project and two districts (Dhanusa, Ramechhap) are selected as project area.
- A task force team under the coordination of Joint Secretary, MLD is form for the sake of identifying the present and possible responsibility of Nepal Government after the rectification of ILO Convention 169. On the Basis of the recommendations addressed in the report the rectification process of the Convention is forwarded.

Personnel Posting and Transfer:

Employees of the Ministry are being posted and transferred based on the legal provisions. A policy has been adopted to transfer the VDC secretaries only during the months of Bhadra (Aug/Sept) and Falgun (Feb/March). Women, oppressed and Dalits are being given priority in transfers to the offices of their own districts.

6.6 Governance Reforms

Ministry has been involved in governance reform in accordance with

roadmap approved by the government. In connection with this statement, so far, the following achievements have been made.

- Improved personnel information system established, both in electronic and hard copy and over 5050 personnel records (filing) have been updated.
- A report has been received from the consultant on restructuring of the Ministry.
- A transparent transfer policy governing VDCs secretaries has been approved and is being carried out accordingly.
- Job descriptions for Local Developments Officer, Senior Divisional Engineers, Planning, Monitoring and Administrative Officers have been redefined. In addition, job descriptions for engineers and VDC secretaries have also been redefined.
- Citizen Charter of the ministry has been promulgated.
- All 75 DDCs and 58 Municipalities have issued their citizen charters.
- Change Management Committee's meeting has been conducted to assess the progress made so far and finalize the program for coming year. The meeting has decided to prepare Effective Service Delivery Guideline for Local Bodies as major activity for next year.

Anti- Corruption and Transparency

Anti Corruption Measures: Case Resolution

A drive is on to control corruption under the Ministry and Local Bodies. A total of 452 cases of complaints were registered in the ministry from the different sources (including directly registered complaints in the Ministry, CIAA, Cabinet Secretariat and other organizations). Among these, 87 cases have been cleared, while others are still under the investigation of complaints and verification process.

Nodal Officer for hearing:

A nodal officer has been assigned specially to hear the complaints at the Ministry level and a focal point has been assigned to hear complaints and take necessary actions on corruption cases related with the Ministry, Department (DoLIDAR) and local bodies.

Transparency:

To promote transparency, citizen charter of the ministry has been prepared. Similarly, a collection and record keeping mechanism for the declaration of property of officials of the local body has been initiated. A draft of the Code of Conduct has also been prepared and discussed in association with the ADDCN.

The DDCs and Municipalities are executing the Citizen Charters to provide prompt services to the people. A mechanism of public hearing has been prepared and being practiced in selective local bodies. A social audit system has been introduced to all important and public concerned projects. All DDCs and Municipalities are regularly publishing their Annual work Plans and Budgets. MLD has given instructions to the local bodies to maintain transparency in all the activities at best possible level.

6.7 Internal Management

Initiation on construction of new Office Building:

The MLD's existing office building is an old building lacking sufficient space and necessary facilities. So, initiation has been taken to make new building within the premises of Singhadurbar.

Management Audit:

The Ministry believes in transparency and promptness in all its dealings. Therefore, management audit of District Development Committees (DDCs) and the municipalities have been started and three DDCs and two Municipalities are audited during the period. In addition to it updating of the properties of the DDCs and Municipalities has also been completed.

Establishment of help desk for service delivery at the Ministry; appointment of a Nodal officer and arrangement of complaint box and hotline telephone has been setup for grievance handling of the people.

6.8 Information Management

The URL www.mld.gov.np, web page of the Ministry is updated regularly. Facilitation and information gathering about current IT application in local bodies is going on that is valuable to find out the new initiatives required for increased IT application and efficiency in data/information sharing. More than a dozen of DDCs and municipalities have started their own web pages. More than 60 computers are connected in the Ministry with a Local Area Network through a lease line. Besides these, major

achievements in the field of Information, Publication and Documentation sector are given below:

Documentation Center/Library Strengthening: Various documents and publications received from local bodies are managed in separate folders. Books, reports and publications especially on decentralization and local development from government and non-governmental sectors are collected and documented appropriately. Digital cataloging and on-the-job training on library management was done. As a result of this, management of the library has improved and searching of required materials has become easier for readers and stakeholders. The information center is becoming more users friendly.

Networking, Internet service, Web Page Hosting and Updating: Ministry is utilizing the connection in more than 60 computers by networking for data sharing, regular use of e-mail and internet connectivity, and providing information through the web pages. Thus access to information and efficiency of work has been improved. Similarly, different DDCs have been connected to the ministry to get financial database with the help of accounting software.

GIS Activities:

Ministry provides GIS services to the partners and local authorities. In the year 2006, much focus has been laid to the human resource development. This has enhanced efficiency of human resources and saved time for accomplishing tasks. The first and second level GIS training program were conducted in Hetauda, Dhangadhi and twice in Nepalgunj for about 60 DDC staffs of different districts. In the same way, orientation on GIS application for District Development Advisor and line agencies were also conducted during the period. VDC wise Ethnicity Data entry of all districts according to the Census Report, 2001 has been completed. New initiation on data entry and mapping of agencies working for Social Mobilization in 60 districts has been completed. The data entry and mapping of down-trodden population completed (based on 2001). In the same way, service delivery and benefit gained by different target groups like Dalit, Ethnicity and women were prepared for 60 districts and shown in benefit mapping. With these, promotion of GIS application at planning process in local bodies has been gradually enhanced.

More over, a Master Plan for Information Technology for Local Governance is in the final stage of formulation and on the basis of this, a brief proposal for IT promotion in the ministry and local bodies was made. In addition, District Information and Documentation Center (DIIDC)

Management Procedure is drafted and in the stage of finalization to make DIIC as the one-stop information hub of the district for scholars, researchers and development partners in securing various level of data and information useful for planning and monitoring.

Publications and Distribution

The Ministry is continuously publishing its various documents. Major publications during the period are: "Swashasan", a Journal of MLD, Vol. 27; and Annual Program and Progress Book of Ministry of Local Development; and many guidelines for the local bodies. Likewise, new "Swashasan" Vol. 28; is in the process of publication that integrates various operational guidelines and procedures. An audio-visual CD on decentralization has been prepared in support of DASU/DANIDA and ministerial publications were distributed through IPD section.

As a result of these activities, concerned stakeholders are facilitated and ministerial activities regarding the decentralization, local-self governance and poverty alleviation activities are becoming more transparent.

6.9 Gender and Development

The Ministry facilitated for study on Gender Assessment and Gender Budget Audit of the Ministry of Local Development. MLD has paid its focus on integration and inclusion of gender aspects in its development activities. Gender content on equity and equality has been added in the various training curricula. A cross cutting mechanism has been set into work with the Ministry of Women children and Social Welfare for the implementation of National Plan of Action on Gender Equality and Women Empowerment. To facilitate gender related activities, the Ministry has already deputed one officer to work as gender focal person. Ministry also has taken initiation for the implementation of CIIDAW and Gender Equality Action Plan through local bodies.

6.10 Upliftment of Indigenous Nationalities and Oppressed Communities

The Council and Executive Committee of the National Foundation for the Development of Indigenous Nationalities have been formed. Works on documenting various languages that are on the verge of extinction have been recorded. Dictionaries on ethnic languages are being prepared.

A separate Act has been drafted for the National Dalit Commission and

an analytical study report on National and international laws on oppressed communities as well as an analysis of their situation has been published. The District Coordination Committee and separate desks have been established in each DDC and Municipality for the implementation, coordination, facilitation and monitoring of the programs related to the Dalits and indigenous nationalities. Various activities for political, economic and social empowerment of Nationalities and Oppressed communities have also been performed.

6.11 Monastery Management and Development Works

Monastery Management and Development Committee is an apex government body to regulate and manage monasteries which are important archaeological and historical assets. The committee, with its web site www.gumba.gov.np, is providing and sharing information to the outside world about the cultural and archaeological significance of the prehistoric monasteries and other general information. The committee published book named "Himali Shishu Upahar" which has been instrumental in bringing consistency in the curriculum used by monasteries in Himalayan regions. Likewise, quarterly bulletins have been published.

Under monastery preservation program, the committee provided grant support for 97 monasteries located in different parts of Nepal. Study tour for 35 monks to various places of Nepal having cultural, archaeological and historical significance has been conducted under the Lama Desh Darshan Program. Ancient monasteries are heritage for the nation, so, study and research in this area has been focused from academic and technical dimensions. In academic research, an agreement with Central Department of Buddhism, T.U. has been made and four students have got thesis grant by the committee. In technical research, detailed engineering reports have been prepared of five historical monasteries. During the period, the Committee has updated the information of previously surveyed monasteries of five districts. Training on wall painting for 25 participants have been conducted which is useful in producing skilled manpower and maintaining monasteries in original shape.

6.12 Focus on Remote Area Development

Remote and spatial development activities are accomplished from the center itself, to these ends. The Remote Area Development Committee (RADC) has been assigned responsibilities for 22 remote districts. Major achievements carried out through RADC were: Human resource

development, standardization of design for physical infrastructure, NIFP development, Training and research, M&E, and Logistic support to the remote districts, etc. Similarly, 204 people were trained in different field like carpentry, maintenance of radio and television, hotel management, plumbing, mason work, hydropower operation, NIFP training to the Anchi, and different operational and technical assistance works etc. with significant participation from indigenous community and Dalits. In health field, training for 20 women on rural health program was conducted.

Besides these, some countable achievements have been made at the district level in the area of physical infrastructure works like- 20 suspension bridges from which about 3545 people are benefited, 3 drinking water schemes benefiting 1085 people, 3 micro irrigation projects providing irrigation facility in 25 hectare area and benefiting 1250 people, 8 hydropower from solar energy (total capacity 10.84 KW) providing electricity to 500 households, 16 KM mule trail & motor road providing easy access to 25000 people and more than 10 micro projects have also been completed during the period. To maintain financial discipline, the committee has emphasized on clearance of misappropriation.

6.13 Solid Waste and Environment Management

Solid Waste Management & Resource Mobilization Center (SWMRMC) is supporting municipalities in Kathmandu Valley for the management of solid waste. For the restructuring of the center, the proposed new Act is under the review of task force. Solid waste management IEE format for the municipalities has been prepared. High level task team has submitted the report to the ministry regarding the proper operation of landfill site with close cooperation from the local people. For the construction of Sisdol Short-term Landfill site Valley II, an agreement was made with Jayababa/Gulliver/Pasupati/Sitalchandra/Kapalparichaya J/V and various construction works is on going. For the electrification work of Sisdol landfill site, 11kv. Transmission line has been extended up to 2 km. from the existing line at Okharpouwa VDC-4. Different local development activities i.e. construction of school buildings, rural roads, irrigation were carried out as per the recommendation of local committee in affected areas of landfill sites.

For the purpose of acquiring the land at long term landfill site in Bancharredanda , the preparation of documents is going on. The EIA works of Long term landfill site Bancharredanda is going on. The track of Aletar-Bancharredanda sector (1.62 km.) has been opened. The repair and maintenance work at different chainage of 9.2 km. Okharpouwa

access road Tinpiple-Aletar sector has been completed. For the construction of Okharpouwa Landfill site access road, Aletar- Ghattekhola sector, bidding is under evaluation. JICA Nepal in co-operation with SWMRMC and other organizations has launched the Clean Kathmandu Valley (CKV) Study project starting since January 2004. All these activities and efforts have facilitated for a safe & sanitary disposal of solid waste of Kathmandu valley.

Environmental Improvement and Management

Policy concurrence has been provided to the private sector for the operation of Balaju Baisdharma Park according to Public Private Partnership Policy. 98 proposal and 58 study reports have been approved on different heading like agricultural road, suspension bridge, landfill site, bus terminal, city hall etc. MLD is executing Public-Private Partnership for Urban Environment (PPPUE) in 10 partner municipalities from 2002. There are 44 projects are being implemented currently and 38 projects in the process of beginning. In addition, the project has provided technical supports to 54 projects under various headings. PPPUE has contributed directly to the achievement of national PRSP goals of partnership development, resource mobilization and human resource development. Total beneficiaries from this project on various capacity development efforts have reached to 1,016 persons through the programs like training, orientation and workshops. The program has conducted 209 focus group discussions in public-private partnership. In this period, Public-Private Partnership Toolkit in Nepali language has been published which is being used by various training institutions. A resource center for Public-Private Partnership has been established in Kathmandu. PPPUE has supported to run collaborative learning in different universities and also provided internship opportunity to students to make study on Public-Private Partnership projects. Five sectoral studies and one opinion survey have been conducted in PPP. Likewise, review of five projects and one mid-term evaluation of PPP project have been completed. In addition, 28 feasibility studies have been completed in the same period.

Strengthening of Environmental Administration and Management (SEAM-N) Project is a bilateral project of Government of Nepal and Government of Finland started in November, 2001 and will be completed by the end of December, 2007. The main objective of the SEAM-N Project is to assist the local authorities and industries of the area in improving their capacity for environmental planning and management. The project area covers one sub-metropolis (Biratnagar), two Municipalities (Itahari and Dharan) and seven Village Development Committees (Tankisinuwari, Katahari, Dadarbairiya, Hattimuda, Duhabi, Khanar and Sonapur).

Guideline on Environmental Sub-Committee (ESC) for VDC and Municipality as per the provision of LSGA, 1999 has been prepared and accordingly formed ESC member in all municipality and VDC level. Environmental Profile updating is underway and will be completed by the end of February, 2007. Integration of EMIS (environmental management information system), a GIS based environmental database system, is under construction. Environmental Sub-committees (ESCs) with the given mandate of LSGA 1999 established and strengthened at Morang and Sunasari DDCs and environmental unit at both DDCs has been established..

The project conducted various programs in the area of human resource development for environmental protection. Four day training on environmental issues and solid waste management for all seven VDC ESC members was organized. 2 days Gender Sensitization training has been organized for Environment Net Work of Dharan municipality. Six days training on Occupational Health and safety for seven industries for 18 participants was organized. Fire prevention and fire fighting training for twelve industries and four Municipalities to 30 participants was conducted. Training on "Occupational Health" for Female Community Health Volunteers of Khanar and Sonapur VDC for 45 Participants was organized. The national and international expert conducted a training to the laboratory personnel to develop the lab quality manual as per the NEPLAS (Nepal lab accreditation Scheme) and as per the ISO 17025. Extended School Environment Promotion Program (SEPP) in 52 schools of the Project area with the mobilization of 30 thousands students was conducted. "Recyclable Waste Collection and Selling Counter" in Dharan has been established. Two compost chambers and 5 bio-gas plants Dharan, Duhabi and Itahari consequently was constructed. Model Eco-Village Program is launched in ward no.2 Purantoliya of Kharan VDC, and ward no.3, Khorsani khap of Itahari municipality. With this program total 129 household will be benefited. Besides these, various environmental protection and promotion activities have been performed during the period.

Similarly, Community Environment Awareness and Management Project (CEAMP) is supporting Community Based Organizations (CBOs), NGOs, Private Sector Organization (PSOs) and local bodies to improve the management of the environment and natural resources to support a better quality of community life. CEAMP has been working in 20 VDCs of four districts namely Nawalparasi, Palpa, Kavre, and Sindhupalchok since April, 2003. During this period, 20 Village Environmental Development Plans (VEDP) have been formulated to accelerate environment friendly

development efforts mobilizing resources from Village Environment Development Fund (VEDF). Till now, the project has supported to 1338 small environmental and rural development projects. Among them, 420 are related to water supply, 277 projects for private and public latrines, 77 projects for sanitation, 81 projects for soil conservation, 94 irrigation projects, 119 projects for sustainable agriculture and other are related to rural developments.

In the last two and half years, CEAMP supported numerous Environmental Awareness and Management (EAM) capacity strengthening activities as follows:

- 189 trainings for 5,664 participants have been organized for improving sustainable agricultural production
- 128 trainings for 4,148 participants have been organized for alleviation of household air pollution and forest sustainability
- 140 trainings for 13,856 participants have been organized for water quality and sanitation improvement
- 81 trainings for 2,264 participants have been organized for improvement of livestock management and sanitation
- 172 environmental awareness public activities over 242 days have been organized, which reached over 131 thousands people.
- An intensive and continuous drinking water quality monitoring program in all wards of all VDCs almost doubled the percentage of people having access to good drinking water from 24% to 45%.

Besides these, various seminars were conducted basically on sustainable agriculture and rural and environmental development.

6.14 Monitoring and Reviews

Monitoring of Local Bodies:

Monitoring is an important tool to achieve the desired objectives. Therefore, the LSGA has outlined that the performance of the local bodies have to be monitored and reviewed regularly. Projects and programs need to be evaluated on the basis of performance indicators and their contribution to overall outputs. The performance and progress achieved by different projects/programs running under the Ministry are the subjects to be measured and evaluated. The ministry has prepared the "Local Bodies and Local Development Programmes' Monitoring and Reporting Guidelines, 2063" with the view of making monitoring and reporting

activities more informative and integrated. Since monitoring the performance of Local Bodies in order to strengthen their service delivery system has got the priority, overall performance status of 16 DDCs and 16 Municipalities were monitored during 2006. Monthly (P1 projects, Monthly progress etc.), trimester, half-yearly and annual progress reporting to the secretariat of Prime Minister and Cabinet, NFC and MoF is being in a regular basis. Similarly, monitoring and Review workshops at the regional level and regular review meetings were conducted in central level and the directives were sent to the local bodies and other concerned program/projects for execution.

The Ministry has, with the technical assistance of ADB supported programme managing for Development Results (MfDR) that is functioning under NFC, initiated to establish DEMAS (District Poverty Monitoring and Assessment System) in 4 Districts (Jhapa, Dang, Jumla and Dhanusha) and the work is in progress.

Review of Internal Organizational Structure of the Ministry

In keeping with the changed roles and responsibilities, the internal review of the organizational structure of the Ministry is in progress. This exercise is hoped to bring positive results in the working process of the Ministry so that the work will be streamlined and the services provided by the Ministry will be more efficient and effective.

Policy Coordination Committee Meetings:

The Ministry has created a forum for the coordination to deal the different policy issues. Three meetings have been conducted during the year 2006 and major decisions were taken on budget ceiling and guideline, interim plan, welfare of deprived class, immediate action plan, foreign aid policy and monitoring strategy.

Decentralized Monitoring Information System:

The Ministry has started the practice of decentralized monitoring information system (DMIS). It is being tested in some districts on pilot basis.

6.15 Study and Research

The Ministry initiated out a number of studies and research works in 2006, which are reflected in respective programme heads above.

6.16 Ministry's Initiations

The interim constitution of Nepal has mentioned about the structure of the state and local self governance in section seventeen which emphasizes on restructuring of the state. In the same section, local self governance system and revenue mobilization and management aspects have been clearly mentioned. In line of the spirit of interim constitution, the ministry is making preparations and taking various initiations.

Towards the full Devolution and Policy Guidance

MLD has focused on the full devolution of various sectors which are supposed to be fully internalized at the DDCs level as a package with assigning functions, budget, personnel, responsibilities, local level capacity development plan, and monitoring and evaluation mechanism within the current fiscal year.

With a view to promote effective decentralization, third amendment of LSGR has been done. This amendment has further clarified the tax rate and base of local bodies. Similarly, the amendment has also strengthened personnel management of the local bodies.

In addition to this, Full Devolution Guideline has been prepared. MLD had conceptualized full devolution in 14 districts on pilot basis for the last Fiscal Year but in the changed context, the ministry is moving in line with interim constitution.

The ministry has also conceptualized restructuring of local bodies to make them as a viable unit based on the inclusive democracy.

A strategic action plan on local infrastructure development and public works directives to the local level has been initiated.

Similarly, the MLD has taken an important initiation of implementation of minimum conditions and performance measures for the effective allocation of block grant to 20 DFDP supported DDCs.

Effective service delivery mechanism

The ministry has taken initiatives to return VDC secretaries in their work stations to perform their assigned duty and promote service delivery. MLD has given direction to the DDCs and Municipalities to enhance effective delivery of the goods and services. Ministry has instructed to

the DDCs to focus on the local level policy formulation, coordination, monitoring, facilitation and creation of favorable working environment in the districts. The services will be delivered through suitable organizations such as users' groups, community organizations, civil society, co-operatives and the private sector.

A grievance handling mechanism has been established and activated through the installation of hotline telephone and direct fax facility.

More Emphasis on Monitoring and Evaluation

After revising of previous guideline and wider consultation with concerned stakeholders, the ministry has prepared the "Local Bodies and Local Development Programmes' Monitoring and Reporting Guidelines, 2063" with the view of making monitoring and reporting activities more informative and integrated. MLD has planned to conduct rigorous monitoring and evaluation of the local bodies and programs to expedite the performances and provide constant feedback. In this connection, MLD has formed Monitoring teams in the leadership of Joint Secretaries on regional basis. to look after the activities of local bodies, committees and academies under the MLD on the following area:

- Routine works of these institutions
- Functions as mentioned in the LSGA/R
- Services as determined by the citizen charters
- Directives given by the Ministry

Focus on Rural Road Expansion:

As stated in the 10th national plan to expand rural and agricultural roads for providing access to market for agricultural products of rural people, the ministry has made significant efforts by on going programs and made agreements for new programs.

At the end, despite numerous constraints, the Ministry has been successful in providing services to the people and conducting a number of development related activities. There are, however, rooms for improvement to make local development efforts a total success. To overcome the issues, the Ministry has taken new policy initiatives concerning establishing good governance and fulfilling the dreams and aspiration of the local people at the grass root level as per the spirit of interim constitution.

Programs/projects under the Ministry

S. N.	Program/Project Name	Objectives	Components	Program Coverage (District/Municipalities)	Resource Contribution		Remarks
					Govt.	Donors	
1	District Road Support Programme (DRSP)	To build the capacity of the districts to plan, design and implement the maintenance, rehabilitation and construction of district roads. The programme, wherever possible, tries to use labour based methods, employing people who live within the road corridor	<ul style="list-style-type: none"> Rural Roads Capacity building 	Kavre, Sindhupalchok, Dolakaha, Ramechhap, Okhaldhunga, Sindhuli	NRs. 215.13 million	SDC NRs. 480.59 million	
2	Trail Bridge Sub Sector Project (TBSSP)	To increase the benefits for the rural people from the most cost effective river-crossing structures to facilitate socio-economic growth through access to market center, basic services etc	Trail Bridges and Motorable Suspension Bridges	55 Hilly Districts	NRs. 326.8 million	Swiss Government DFID NRs. 484 million NRs. 169.3 million	
3	Rural Access Programme (RAP)	RAP is a poverty alleviation programme that aims to achieve this objective by improving the access of the poor and marginalized to the goods and services that they value.	Physical infrastructure interventions – roads, trails and footbridges – combined with a series of income generating activities to take advantage in the new livelihoods opportunities	Bhojpur, Khotang, Sankhuwasabha, Dailekh, Achham, Dadi and Tehrathum	NRs. 30 million	DFID, UK NRs. 1720 million	
4	Rural Access Improvement and Decentralization Project (RAIDP)	enhanced access to social services and economic opportunities through improved rural transport infrastructure	<ul style="list-style-type: none"> Rural Transport Infrastructure Capacity enhancement 	Kailali, Bardiya, Banke, Salyan, Kapilvastu, Rupandehi, Nawalparasi, Palpa, Syangja, Kaski, Dhading, Nuwakot, Rasuwa, Makawanpur, Kautahat, Sarlahi, Mahottari, Dhanusha, Siraha, Udayapur	NRs. 737.1 million	The World Bank, SDC NRs. 2240 million NRs. 147 million	

5	Decentralized Rural Infrastructure and Livelihood Programme (ORILP)	Reduction of Rural poverty through sustainable access improvement, economic and social services especially for the poor, marginalized and disadvantaged communities.	Rural Transport Infrastructure, Community Developments and Rural Livelihood Restoration, Capacity Building and Decentralized Governance	Baitadi, Darchula, Bajhang, Bajura, Humla, Mugu, Dolpa, Kalikot, Jajarkot, Lamjung, Gorkha, Ramechhap, Okhaldhunga, Solukhumbu and Taplejung	NRs.1533 million	The Asian Development Bank(ADB) SDC GTZ	NRs.2800 million NRs.483 million NRs.49 million	
6	Rural Road Maintenance Fund	Sustainable operation and maintenance of rural roads	Rural Roads	75 Districts	NRs million	4		Regular GoN funded programme
7	Local Development Construction and Agricultural Roads Project	Access improvement through rural roads	Rural Roads	75 Districts				Regular GoN funded programme
8	Rural Water Supply and Sanitation Programme (RWSSP)	To provide safe drinking water and sanitation services to the rural communities	Rural Water Supply and Sanitation	75 Districts				Regular GoN funded programme
9	Rural Village Water Resource Management Project (RWWRMP)	Improved quality of life, environmental conditions and increased opportunities to improve rural livelihoods in the Mid-Far West regions through rational, equitable and sustainable use of water at the village level.	Water supply, sanitation, small irrigation and micro-hydro	Darchula, Daideldhura, Bajura, Doti, Dailekh, Humla	NRs. 88.5 million	Finland Government	NRs.1052.2 million	
10	Road Board Nepal(RBN)	Sustainable operation and maintenance of rural and urban roads	Rural Roads	Districts: Arghakhanchi, Banke, Bara, Bhaktapur, Chitwan, Dolekha, Ilam, Jhapa, Kapilbastu, Kavrepalanchowk, Kailali, Lalitpur, Lamjung, Manottari, Nawabpurasi, Nuwakot, Rasuwa, Rupandehi, Siraha, Sunsari, Tanahun, Udayapur, Gulari, Kathmandu, Morang, Bardiya, Dhading, Municipalities: Bhatrapur, Biratnagar, Damak, Dharan, Dhulikhel, Hetauda, Janakpur, Pokhara, Prithwinagarayan,				Regular Programme

15	DLGSP	<ul style="list-style-type: none"> ▪ To uplift socio-economic status of the rural poor particularly women, dalits and disadvantaged groups through social mobilization based village development programme incorporating positive discrimination. ▪ Strengthen the efficiency and capacity of local bodies (DDC, VDCs) to deliver basic services through decentralized governance as envisaged in LSGA. 	<ul style="list-style-type: none"> ▪ Education ▪ Water and Sanitation ▪ Community Infrastructure Building ▪ Capacity Building ▪ Social Mobilization ▪ Decentralization and Governance 	66 Districts		UNDP and Norway	NRS. 275899000	
16	Local Governance System Strengthening Project	<ul style="list-style-type: none"> ▪ To strengthen institutional capacity of the local bodies (DDCs and Municipalities). ▪ Effective M&E for Local bodies. 	<ul style="list-style-type: none"> ▪ Capacity Building ▪ Monitoring and Evaluation 	5 DDCs and 5 Municipalities	NRS. 3560000			
17	Decentralized Finance and Development Program (DFDP)	<ul style="list-style-type: none"> ▪ Poverty Alleviation Program ▪ Capacity Building and Sustainability 	<ul style="list-style-type: none"> ▪ Infrastructure Development ▪ Income Generation ▪ Capacity Development ▪ Environmental Conservation ▪ Social Sector Program 	Dolakha, Terhathum, Udayapur, Rupandehi, Kaski, Accham, Kavre, Dhanusa, Darchula, Bajhang, Baitadi, Kailali, Humla, Mugu, Jumla, Jajarkot, Rukum, Salyan, Solukhumbu, Taplejung (20 districts)		DFID UNCDF	US\$ 12,39,245 US\$ 92,748	
18	Western Upland Poverty Alleviation Project (WUPAP)	<ul style="list-style-type: none"> ▪ Poverty Alleviation ▪ People Empowerment forming grass root level organization 	<ul style="list-style-type: none"> ▪ Infrastructure Development ▪ Leasehold ▪ Forestry and Non-timber forest Production ▪ Crops and livestock production ▪ Micro finance and marketing ▪ Institutional support 	Humla, Jumla, Bajhang, Bajura, Kalikot, Jajarkot, Mugu, Dolpa (8districts)	NRS. 22,44,021	IFAD	US\$ 5,45,73,167	

19	Rural Community Infrastructure Works (RCIW)	Overall objective is to improve livelihoods of people most vulnerable to food insecurity Activities aim to food and income availability, Self-help potential of the target group and infrastructure in intervention area	<ul style="list-style-type: none"> ▪ Rural road ▪ Small irrigation schemes ▪ River control ▪ Agro-forestry ▪ Fisheries ▪ Income generation activities 	Darchula, Baitadi, Dadelhdhura, Doti, Achham, Bajhang, Bajura, Humla, Jumla, Dolpa, Mugu, Kalikot, Dailekh, Jajarkot, Pyuthan, Salyan, Kavre, Sindhupalchowk, Ramechhap, Dolakha, Makwanpur, Dhanusa, Siraha, Saptari, Udayapur (25 Districts)	NRS. 12,39,07,000	WFP DFID	NRS. 210000000 (including food value) NRS. 1,00,00,000	Resource Allocation for FY 062/63
20	Local Development Fund			58 Municipalities	NRS. 98,67,36,000			
21	Reserve Fund		Road, Drainage, shopping complex, Bus park, Community Building etc.	41 Municipalities	NRS. 26,82,78,000			
22	Municipality Grant			58 Municipalities	NRS. 17,60,00,000			
23	People's Participation Program		Road, Drainage, Bridge, Electrification, Bus park, School, Public toilet etc.	45 Municipalities	NRS. 18,05,00,000			



Ministry of Local Development

ACHIEVEMENTS OF 2006

Government of Nepal
Ministry of Local Development
Pulchowk, Lalitpur, Nepal
May, 2007

Foreword

The Ministry of Local Development (MLD) has been a link institution for decentralized governance and local development. To operationalize the concept of decentralization into practice and to facilitate local level development activities at local level, the ministry has been entrusted with great responsibilities and challenges. In the changed context, the ministry is paying its attention to devolve rights, authority, power and resources at local level in more effective and meaningful way. It has performed multiple activities in that direction and key achievements in the year 2006 are enlisted in this document. Implementation of the development activities has been largely successful due to participation of the local people in a transparent and accountable manner and monitoring of these activities have been carried out.

This publication summarizes the achievements in the various key areas in which MLD and local bodies focused its attention in the year 2006. Besides the accomplishments, it also provides a glimpse of various policies, plans and initiatives taken from the MLD in the same year. With these, we believe the ministry will be able to attain more accomplishment in the coming days.

It is hoped that the publication will provide valuable information to policy makers, partners, academicians, researchers, students, media, practitioners and the general readers to understand better the various functions of the Ministry and local development efforts in Nepal.

I would like to thank Mr. Krishna Prasad Devkota, Under Secretary and Mr. Durga Prasad Bhurtel, Section Officer for their efforts on compiling, editing and bringing this publication in this form.

Ram Kumar Shrestha
Secretary

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Acronyms

ADB	Asian Development Bank
ADDCN	Association of District Development Committees of Nepal
CBO	Community Based Organization
CIAA	Commission on Investigation for Abuse of Authority
CO	Community Organization
COPE	Community Owned Primary Education
DACA W	Decentralized Action for Children and Women
DDC	District Development Committee
DFDP	Decentralized Financing and Development Program
DLGSP	Decentralized Local Governance Support Programme
DIMC	Decentralization Implementation and Monitoring Committee
DIP	Decentralization Implementation Plan
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DRSP	District Road Support Program
EIA	Environment Impact Assessment
FY	Fiscal Year
GIS	Geographical Information System
ICT	Information and Communication Technology
IEE	Initial Environment Examination
KMC	Kathmandu Metropolitan City
LBFC	Local Bodies Fiscal Commission
LDF	Local Development Fund
LSGA	Local Self Governance Act
LSGR	Local Self Governance Regulation
LB FAR	Local Body (Financial Administration) Regulation
MDF	Municipal Development Fund
MLD	Ministry of Local Development
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
NPC	National Planning Commission



NTFP	Non Timber Forest Product
PPP	Public Private Partnership
RADC	Remote Area Development Committee
RAP	Rural Access Program
RCIW	Rural Community Infrastructure Works
RDP	Rural Development Program
RIDP	Rural Infrastructure Development Program
RRMF	Rural Road Maintenance Fund
RUPP	Rural Urban Partnership Program
RWSSP	Rural Water Supply and Sanitation Program
SDC	Swiss Development Cooperation
SNV	Netherlands Development Agency
SWMRMC	Solid Waste Management and Resource Mobilization Center
UDLE	Urban Development through Local Efforts
UG	Users Group
VDC	Village Development Committee