



*Empowered lives.
Resilient nations.*

Consolidated Report on Activities Implemented under the Joint Programme “Support for the Local Governance and Community Development” (LGCDP) in Nepal

**Report of the Administrative Agent
for the period April 2009 - December 2013**

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme
GATEWAY: <http://mptf.undp.org>

31 May 2014

PARTICIPATING ORGANIZATIONS



United Nations Capital Development Fund (UNCDF)



United Nations Development Programme (UNDP)



United Nations Children's Fund (UNICEF)

CONTRIBUTORS



Denmark



UK Department For International
Development (DFID)

Table of Contents

EXECUTIVE SUMMARY	4
PART I: FINAL NARRATIVE REPORT	6
LIST OF ACRONYMS	7
I. PURPOSE.....	10
II. ASSESSMENT OF THE PROGRAMME RESULTS	12
I) NARRATIVE REPORTING ON RESULTS:	12
II) INDICATOR BASED PERFORMANCE ASSESSMENT:	20
III) EVALUATION, BEST PRACTICES AND LESSONS LEARNED	28
IV) TWO SPECIFIC SUCCESS STORIES	31
PART II: ANNUAL FINANCIAL REPORT	34
DEFINITIONS	35
2013 FINANCIAL PERFORMANCE	36
1. SOURCES AND USES OF FUNDS	36
2. PARTNER CONTRIBUTIONS	37
3. INTEREST EARNED	37
4. TRANSFER OF FUNDS	38
5. EXPENDITURE AND FINANCIAL DELIVERY RATES	38
5.2 EXPENDITURE REPORTED BY CATEGORY	39
6. COST RECOVERY	40
7. ACCOUNTABILITY AND TRANSPARENCY	40

EXECUTIVE SUMMARY

The United Nations Joint Programme (UNJP) is comprised of six UN entities, including the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the United Nations Volunteers (UNV) Programme, and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), supporting the Local Governance and Community Development Programme (LGCDP). UNCDF, UNDP and UNICEF have utilized a pass-through funding modality to support the Programme.

This Consolidated Report covers the period from April 2009 to December 2013. The report includes the results that UNCDF, UNDP and UNICEF have contributed to during the reporting period utilizing the pass-through funding modality for funds received from the Danish International Development Agency (DANIDA) and the Department for International Development (DFID) as well as core funds. This report is in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Donors. In line with the Memorandum of Understanding (MOU) signed by Participating Organizations, the Report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report provides a comprehensive overview of achievements and challenges associated with the Joint Programme.

The LGCDP is a national programme with the overarching goal of contributing towards poverty reduction through inclusive, responsive and accountable local governance and participatory community led development. The Government of Nepal's Ministry of Federal Affairs and Local Development (MoFALD) is the implementing agency for the LGCDP with additional technical and financial assistance being provided from various development partners, including the UN agencies. The Programme envisages empowering citizens to engage actively with local government and increasing the capacity of local governments to manage resources to deliver basic services in an inclusive and equitable manner, in addition to strengthening the institutional framework for decentralization, devolution, and community development.

The LGCDP has adopted a transformational approach of social mobilisation with a focus on empowering citizens to better articulate their needs and influence decisions, procedures and policies of government in their favour, and to ensure their meaningful participation in the local governance processes. The Programme has created grassroots institutions such as Ward Citizen Forums (WCF) and Citizen Awareness Centres (CACs) to engage citizens and communities in local governance processes. As a result, citizens are now able to actively participate in local planning because of their enhanced capacity through training and orientation on social mobilisation, local level planning, decentralization, resource mobilisation, the Livelihood Improvement Plan (LIP), civic oversight, and local governance.

Local Bodies (LBs) are now able to provide services to citizens and communities more effectively than before because of the enhanced capacity of LB staff through various trainings and orientations on local level planning, Local Self Governance Acts/Regulations, resource mobilisation guidelines, better monitoring and evaluation, gender equality and social inclusion strategies, social mobilisation, accounting and financial management, minimum condition and performance measures system, appreciative enquiry, leadership development, project management, computer software and downward accountability to name a few.

The LGCDP has adopted a supply and demand driven approach to capacity development (CD). Different guidelines, manuals and handbooks on social mobilisation and local level planning processes have been developed and disseminated. To integrate pro-poor climate and environmental consideration into local level planning and budgeting processes, various policy and planning frameworks and institutional structures were formulated and subsequently established to facilitate the process of mainstreaming environmental considerations. The implementation of results based monitoring systems in local bodies to better capture progress at different levels, and improve the reporting system has helped to reinforce evidence based monitoring, planning and programming systems across different levels.

There has been continued support to improve the existing Minimum Conditions and Performance Measures (MCPM) system which is now applied to District Development Committee (DDC), municipal, and VDC block grants across the country. The Performance Based Grant System is undoubtedly a major contribution to local public financial management and to the strengthening of planning, budgeting, implementation and local financial accountability at all levels. The Performance Based Grant System has also made a significant contribution to local accountability in the absence of locally elected representatives.

The MoFALD is responsible for delivering approximately 12 billion Nepali Rupees annually in social security benefits to approximately 2.1 million beneficiaries. The Human Development and Social Protection Pilot (HDSPP) has been supporting the ministry in modernizing the delivery system and testing out new innovations such as establishing a centralized Management Information System (MIS), local grievance mechanisms, poverty targeting methods, and moving the current manual payments over to an electronic platform. Initial lessons from the pilot have shown the potential of initiating improvements across the social security system in Nepal, and in particular in the areas of MIS and expanding the use of branchless banking.

The Geographic Information System (GIS) database of 58 Municipalities and 3915 VDCs has been further linked with GIS administrative layers. The Gender Responsive Budgeting (GRB) and the Gender and Social Inclusion (GESI) programmes have been rolled out in all the districts of Nepal. The implementation of the Child Friendly Local Governance (CFLG) strategy is a reflection of the government's commitment towards protecting and ensuring the rights of children in local governance legislation, policy, structures, processes, and mechanisms.

The Multi-Partner Trust Fund (MPTF) Office of UNDP serves as the Administrative Agent of the Joint Programme. The MPTF Office receives, administers, and manages contributions from Donors and disburses these funds to the Participating Organizations in accordance with the decisions of the UNJP Steering Committee. The Administrative Agent receives and consolidates reports and submits these to the LGCDP Sub National Committee which functions as the UNJP Steering Committee, through the Resident Coordinator. This report is presented in two parts. Part I is the Final Narrative Report and Part II is the Financial Report as of 31 December 2013 for the pass-through funded portion of the JP. The Final Financial Report will be submitted in the following year according to the signed SAA and MOU.



PART I: FINAL NARRATIVE REPORT

<p>Programme Title & Project Number</p> <ul style="list-style-type: none"> • Programme Title: Local governance and Community Development Programme • Programme Number (if applicable) UNDP--00060739 • MPTF Office Project Reference Number: 00074263 	<p>Country, Locality(s), Priority Area(s) / Strategic Results</p> <p>Country/Region Nepal</p>
<p>Participating Organization(s)</p> <p>UNICEF, UNCDF, UNV and UNDP (pass-through)</p>	<p>Priority area/ strategic results Poverty reduction in Nepal through improved and more inclusive local governance and service delivery</p>
<p>Programme/Project Cost (US\$)</p> <p>Total approved budget as per project document: US\$ 53,752,604 JP Contribution (via pass-through):</p> <ul style="list-style-type: none"> • UNCDF: US\$ 2,550,000 • UNICEF: US\$ 9,459,289 • UNDP: US\$ 2,064,587 <p>Agency Contribution</p> <ul style="list-style-type: none"> • UNDP: US\$ 4,700,000 • UNCDF: US\$ 2,250,000 • UNV: US\$ 510,000 • UNICEF: US\$ 13,900,000 • UNFPA: US\$ 9,159,658 <p>Government Contribution (GON : 260.8 Million)</p> <p>Other Contributions (donors): 181.5 Million</p>	<p>Implementing Partners</p> <p>National counterparts (government, private, NGOs & others) and other International Organizations:</p> <ol style="list-style-type: none"> 1 Ministry of Federal Affairs and Local Development 2. Other Partners: UNICEF, UNCDF, UNV, UN-Women, UNFPA, UNDP-PEI
<p>Programme Assessment/Review/Mid-Term Evaluation</p>	<p>Programme Duration</p> <p>Overall Duration (months): 45 Months Start Date (1. April. 2009)</p> <p>Original End Date (31. December. 2011)</p> <p>Actual End date (31. December. 2013)</p> <p>Have agency (ies) operationally closed the Programme in its (their) system? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Expected Financial Closure date:</p>
<p>Mid-term Review of LGCDP</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Date: 5 October, 2010</p> <p>Focus Evaluation Report, LGCDP – 31 July, 2012</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p>Report Submitted By</p>

List of Acronyms

CAC	Citizens' Awareness Centre
CD	Capacity Development
CIAA	Commission for the Investigation of Abuse of Authority
CFLG	Child Friendly Local Governance
DADP	District Annual Development Plan
DAG	Disadvantaged Group
DANIDA	Danish International Development Agency
DDC	District Development Committee
DDF	District Development Fund
DFID	Department for International Development
DP	Development Partners
DPP	District Periodic Planning
DSMC	District Social Mobilisation Committee
DTCO	District Treasury Controller's Office
DTMP	District Transportation Master Plan
EO	Executive Officer
FAS	Financial Administration Section
FCGO	Financial Comptroller General Office
FRRAP	Fiduciary Risk Reduction Action Plan
FRM	Fiduciary Risk Management
GESI	Gender Equality and Social Inclusion
GIS	Geographic Information System
GoN	Government of Nepal
GRB	Gender Responsive Budgeting
HDSPP	Human Development Social Protection Pilot
HRD	Human Resources Development
LB	Local Body (refers to all levels of local government)

LBFC	Local Bodies Fiscal Commission
LBSS	Local Bodies Support Section
LDO	Local Development Officer
LGAF	Local Governance Accountability Facility
LGCDP	Local Governance and Community Development Programme
LIP	Livelihood Improvement Plan
LSGA	Local Self-Governance Act
LSP	Local Service Provider
MCPM	Minimum Conditions and Performance Measures
MDAC	Ministerial Development Action Committee
MDF	Municipal Development Fund
MES	Monitoring and Evaluation Section
MIS	Management Information System
MoFALD	Ministry of Federal Affairs and Local Development
NGO	Non-Governmental Organization
NPC	National Planning Commission
NVC	National Vigilance Centre
OAG	Office of the Auditor General
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PFMA	Public Financial Management and Accountability
PFM	Public Financial Management
PPMO	Public Procurement Monitoring Office
RF	Results Framework
SM	Social Mobilisation
SWAp	Sector Wide Approach
TA	Technical Assistance
UG	User Group
UN	United Nations

UNCDF	United Nations Capital Development Fund
UNICEF	United Nations Children's Fund
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNJP	United Nations Joint Programme
UNV	United Nations Volunteer
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WCF	Ward Citizen Forum
VADP	Village Annual Development Plan
VDC	Village Development Committee

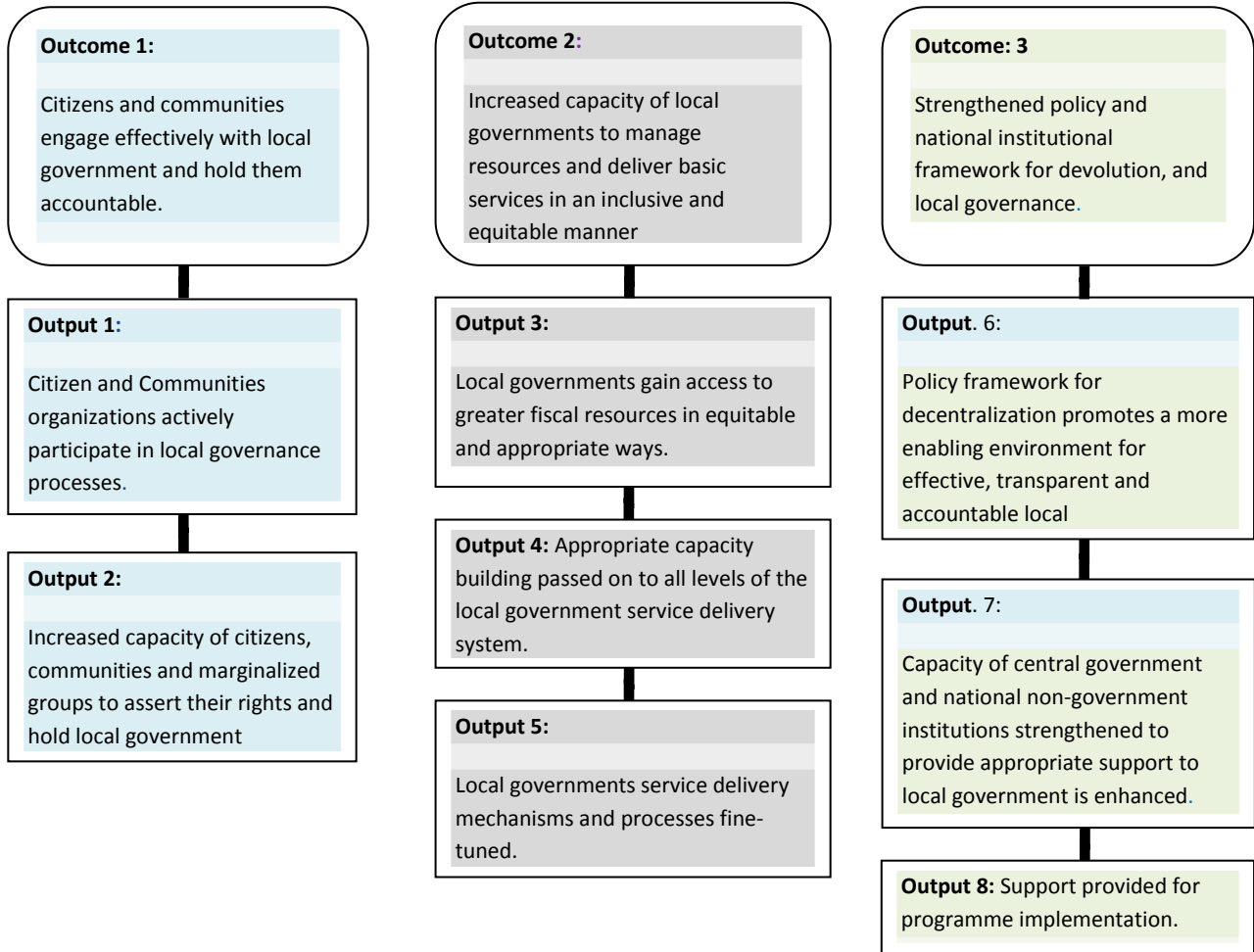
I. PURPOSE

The LGCDP is a national programme with an over-arching goal of contributing towards poverty reduction through inclusive responsive and accountable local governance and participatory community-led development. The Ministry of Federal Affairs and Local Development is the implementing partner for the LGCDP with technical and financial assistance being provided from various development partners including UN Agencies. This is a national programme framework for achieving improvements in the system of local governance and community development; strengthening decentralization, devolution and improved local governance system for effective delivery of services and empowerment of citizens especially women, children, disadvantaged groups (DAGs), and institutions. The underlying intention of the LGCDP is to move local governance towards a Sector Wide Approach (SWAp) for decentralization.

The LGCDP aims to strengthen both the demand and supply sides of local governance and empower citizens to actively engage with local governments, whilst increasing the capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner.

The LGCDP covers 5 development regions, 14 zones, 75 DDCs, 58 municipalities and 3,915 Village Development Committees (VDC). It has been designed with 3 outcomes and 8 outputs. The LGCDP directly contributes to addressing national priorities stipulated in the policy and strategies of the Three Year Interim Plan of the GoN which places emphasis on decentralization to enhance good governance, strengthen people's participation, and promote partnership with the private sector and civil society. Similarly, the UN Joint Programme (UNJP) covered two thematic areas of the United Nations Development Assistance Framework (UNDAF) outcomes, namely: (i) National institutions, processes, and initiatives to consolidate peace are strengthened; and (ii) Institutions, systems, and processes of democratic governance are more accountable, effective, efficient, and inclusive (UNDAF 2010 – 2013). With the roll out of the new UNDAF (2013 – 2017), the UNJP contributes to outcome 5: Institutions, systems and processes of democratic governance are more accountable, effective, efficient and inclusive of the UNDAF. The UNJP is also aligned with the GoN's overall national programme framework for decentralization and local governance. Furthermore, the UNJP has been providing support to the GoN with demand-driven and appropriate national and international advisory services to facilitate the programme implementation and for policy development, particularly on issues related to sector devolution, local self-governance, result-based management, and community-led development initiatives.

The LGCDP comprises of three main outcomes and eight outputs associated as illustrated on the next page:



II. ASSESSMENT OF THE PROGRAMME RESULTS

i) Narrative reporting on results:

Outcome 1: Citizens and communities engage effectively with local government and hold them accountable.

Under this first outcome area, the LGCDP has been successful in establishing the foundation for citizen empowerment and service delivery. The LGCDP has adopted a transformational approach of social mobilisation with focus on empowering citizens to better articulate their needs and influence decisions, procedures, and policies of the government in their favor and enhance their meaningful participation in the local governance process. Different guidelines, manuals and handbooks on social mobilisation and local level planning process have been developed and disseminated. The Programme has created grassroots institutions such as the Ward Citizen Forum and the Citizen Awareness Centre to engage citizens and Communities in the local governance process.

However, there has been mixed results in internalizing these reforms and institutionalizing these newly created structures due to the transitional government and prevailing political anomalies in the country during the implementation period.

With the support from the LGCDP development partners including UNICEF and UNDP, LGCDP has involved more than 810,838 citizens (46. 63% female) in 35,373 WCFs of 3,915 VDCs, and 403 Municipal Wards, in local level planning - using 741 Civil Society Organizations (CSO) to facilitate the engagement. Likewise, a total of 4,281 Community Awareness Centres (CAC) were formed as of December 2013, with a total membership of 116,077 (68. 5% female). The capabilities of these grassroots institutions (WCF, CAC) have been enhanced through various orientations and training programmes. Citizens are actively participating in local level planning, civic oversight, and in the decision making processes of local bodies. The country's most disadvantaged groups are informed about their rights and their demands are included in local body (LB) planning processes. WCFs are playing an active role in ward level planning, in the integrated planning committee, in the VDC council, in public audits and public hearings. WCFs have also been successful in getting the projects approved from the Village and Municipality Councils.

In 2012/13, WCFs proposed 102,352 community infrastructure projects (97,364 projects in VDCs and 4,988 projects in Municipalities) to local bodies, of which 41,786 projects (40,340 projects by VDCs and 1,446 projects by Municipalities) were included in their annual plans whereby Rs 3. 45 billion was allocated to address the demands of WCFs which amounts to 38. 61 per cent of the total capital budget of LBs (VDCs and Municipalities).

As a key member of the national and regional level Social Mobilisation task teams, UNICEF has been providing technical support to design the curriculum and provide capacity strengthening to trainers and social mobilisers. Technical support was provided in 5 development regions through

the LGCDP cluster offices to capacitate 160 VDC secretaries on Child Friendly Local Governance (CFLG) and mainstreaming child rights in local planning and budgeting. In addition to the 15 priority districts, 651 VDC secretaries and 468 social mobilisers from five districts were jointly capacitated on child rights and CFLG with a focus on how to facilitate discussions on child rights in the Ward Citizen Forums. There has been massive dissemination of children's rights through the 38,000 Ward Citizens Forums in Nepal (60% women). In the 15 districts, WCF members from 213 VDCs were oriented to prioritize child rights during bottom-up planning, and were equipped with plan prioritization and advocacy skills.

A participatory community assessment tool – the “Community Information Boards” – has been mainstreamed in the Social Mobilisation Handbook which has helped with wider dissemination of the tool amongst WCFs and Citizen Awareness Centres to facilitate discussion on children's and women's issues, and to close the gap with the local planning process.

Regional and national consultative meetings are a unique component of the LGCDP and such events are organized every year to discuss the status of the Programme, emerging issues, challenges and amicable solutions, and ways forward to accomplishing the objectives of the Programme. The consultative meetings have helped in refining the Programme over the years; learning by doing, identifying failures and successes, and undertaking effective monitoring and implementation based on the identified challenges.

Outcome 2: Increased capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner

Under this outcome area, UNJP has been providing technical assistance and contributing towards ensuring the increasing capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner. In this regard the UNJP has supported numerous trainings and orientation programmes to support the capacity building of the local bodies. The LGCDP has also organized LBs staff orientation and training programmes in the area of accounting and financial management, poverty monitoring and analysis, child friendly local governance and Information, Education and Communication (IEC). The Programme guidelines prepared previously are now being reviewed and updated, and the MoFALD is in the process of introducing results based management systems in the local bodies. The Programme had also invested in both demand and supply driven capacity development. Resources that were used to provide competency based training to over 50,000 programme participants and stakeholders to the VDC Secretaries, and to the Local Service Provider (LSP) staff and their social mobilisation (SMs) in subjects ranging from participatory planning, public audit, public hearing, public financial management, gender and social inclusion, child friendly local governance, social and environmental safeguards, and building code compliance. Capacity development plans were prepared by all the DDCs and Municipalities based on the capacity development guidelines prepared by the Ministry.

UNCDF has been providing support for the piloting and subsequent mainstreaming of Performance-Based Grant Systems since early 2000, and continued the support during the programme period. The Minimum Conditions and Performance Measures (MCPM) system is now applied to DDC, municipal, and VDC block grants across the country and is owned by the Government. This has been a considerable achievement. According to the latest MCPM assessment conducted for the financial year 2012/2013, 69 districts (92%); 3,080 VDCs (79%); and 53 municipalities (91%) complied with the minimum conditions. The performance based funding system is under regular review for further improvement and refinement which continues to be supported by the Government and UNJP. The MCPM manual has also been further revised in 2013. The MCPM system in general has been successful in bringing several positive impacts on LB performance; such as planning and programming, public financial management, good governance and transparency (Review and refinement of the MCPM study). Through the MCPM system, an important result has been the reduction of both ad hoc and political allocations of resources such as block grants. The formula based funding has been a major contribution in bringing basic services and local development resources into a much more demand driven and needs based approach rather than the top down, supply driven approach of previous years. It also introduced a powerful instrument for bringing national policies in key areas down into local development.

The performance based grants aim to improve service delivery, accountability and transparency of local bodies. As the MCPM indicators measure the capacity of the local bodies to deliver service, inter alia, a number of new initiatives have been taken and/or existing initiatives have continued to build the capacity of the local bodies and the central government to better perform in the MCPM. UNCDF has also supported a number of studies commissioned by the LBFC which include designing performance indicators for conditional grants; assessing the revenue potentiality of DDCs and VDC, reviewing the revenue potentiality of Municipalities, as well as reviewing and refinement of the revenue sharing mechanism of Local Bodies, and revenue expenditure tracking. In addition, a study on fiscal decentralization was also conducted during the programme period. The outcomes of the studies will be important in order to derive lessons and ascertain strategic direction for the overall programme.

Considering the importance of the new accounting system, UNJP has supported the development of an improved accounting software to be used by local bodies. UNCDF supported the development of the Accrual Accounting Software for Municipalities on the basis of MoFALD's and GIZ supported manuals developed for technical support, which is now being tested in six Municipalities. In addition, VDC accounting software development was supported by UNCDF as a part of inputs for system improvement in the area of financial management of the Local Bodies. The software enables VDCs to maintain up to date information on income and expenditure and allows timely financial reporting. As of December 2013, extensive training programmes on the software have been delivered to 460 VDCs of 23 districts covering 650 participants. Furthermore, during the programme period UNDP also supported the update and

refinement of the Monitoring and Evaluation indicators of the LGCDP. The implementation of a results based monitoring system in local bodies to better capture the progress at different levels, and improve the reporting system, has helped to reinforce evidence based monitoring and planning and programming systems across different levels.

The MoFALD with development partners of the LGCDP also prepared a Public Expenditure and Financial Accountability and a Fiduciary Risk Reduction Action Plan (PEFA-FRRAP) which amalgamates public financial management and related fiduciary risk management programming into a single plan to improve the LB transparency and accountability in their financial transactions. The PEFA-FRRAP aims to strengthen public financial management, reduce fiduciary risks and to improve the transparency and accountability of public expenditure. Furthermore, the Local Governance Accountability Facility (LGAF) established by the LGCDP has contracted 133 CSOs to conduct expenditure reviews, expenditure tracking exercises and public hearing of the local bodies hold them accountable.

The LGCDP is increasing its efforts to obtain broader inclusive development by bringing women, children and disadvantaged communities into the mainstream of development. The Resource Mobilisation and Management Guideline 2013 (introduced by MoFALD /LGCDP) mandated that 35% of the capital budget of the local bodies (LBs) had to be directed towards women, children and disadvantaged groups which have not previously been explicit beneficiaries. UNICEF advocacy and technical assistance generated political commitment in all 15 priority districts, to allocate block grants for girls and boys in line with the Local Body Resource Mobilisation and Management Guidelines. In addition to joint capacity building of the VDC Secretaries and social mobilisers it has revitalized the team spirit and their commitment to adopt the CFLG with improved budget allocation and utilization for children. Allocation for children exceeded the stipulated target in 15 districts. Ten priority districts and 7 municipalities have allocated the minimum 10% while six districts (Jumla, Saptari, Parsa, Rautahat, Dhanusha, and Mahottari) and 3 municipalities allocated 15% of their resources. The CFLG training packages are being reviewed to see how disability issues can be incorporated in future capacity building initiatives.

Furthermore, the Gender Responsive Budget (GRB) /Gender and Social Inclusion (GESI) has tried to ensure that the social mobilisation process is inclusive of women, children and Disadvantaged Group (DAG) programme- rolled out in all the 75 districts of the country. In 2013, GRB and auditing training was organized in 75 districts in which 10,050 participants attended (33% female). Likewise, 208 events of GESI/GRB orientation/workshop were organized for all Municipalities and VDCs of five districts (Dhankuta, Ramechhap, Arghakhanachi, Pyuthan and Dadeldhura).

Additionally, the DDCs and Municipalities have installed computer software related to vital registration, book keeping, and social security and have organized various training programmes on policy guidelines, local level planning, leadership development, and CFLG strategy implementation using their CD grants.

Within the area of fine tuning Local Government service delivery mechanisms and processes, the Human Development Social Protection Pilot (HDSPP) was set up to test new innovations in delivering social protection, and to strengthen the capacity and role of the central and local governments. The project is experimental in approach and has provided an excellent opportunity to test different approaches in making social transfers more efficient and in reducing overall leakages and fiduciary risks through alternative poverty-targeting approaches, local grievance mechanisms, more effective payment mechanisms, and in establishing a centralized MIS of beneficiaries. As new financial solutions are sought for benefit payments through branchless banking, the pilot also incorporated the potential of strengthening social protection through the expansion of financial inclusion. While the main focus of the pilot is on the scholarship program, which aims to provide transfers to 26,000 poor school children, the HDSPP also plays a major role in strengthening the overall social security system. HDSPP has introduced various significant innovations which has the potential to improving the efficiency and effectiveness of the current social security system.

Outcome 3: Strengthened policy and national institutional framework for devolution, and local governance.

Under outcome three, the UNJP has provided technical assistance to support the overall policy framework of the LGCDP. Some key policies have been approved at the national level which includes a child friendly local governance strategy and an Environment Examination/ Environment Impact Assessment (IEE/EIA). In addition, the Environment Resource Book, a Training Manual on Mainstreaming Environment into Local Development Plans and four videos on Mainstreaming Environment into local development planning were made public in 2013.

The national Strategy on CFLG was approved by the Cabinet on 11 July, 2012. This Strategy provides overall guidance to realizing and mainstreaming the rights of children (to survival, development, protection and participation) in local government systems, structures, policies, and processes. It seeks to put children at the core of policies and planning and to ensure that local bodies, line agencies, and civil society enable meaningful child participation and child-aware budgeting in the mechanisms and systems of all levels of local governance. The CFLG strategy is one of the key indicators under the LGCDP decentralized policy support. The implementation of the CFLG strategy is also a reflection of the government commitment towards protecting and ensuring the rights of the children in local governance legislation, policy, structure, processes and mechanisms.

Mobilizing children's clubs and ensuring their participation in local governance structures and processes is a key principle and strategy in the CFLG framework and the LGCDP program. Children and young people's participation is a continuous process for positive social change as they are often much better placed than adults to take the lead in assessing and analyzing their situation, and coming up with possible solutions. For the first time, in line with the CFLG national strategy, policy provisions are in place to promote the participation of girls and boys at key levels of local governance. Children are being represented in the District, Municipal and

VDC level CFLG committees (one boy, one girl), the Integrated Planning Committees (one boy, one girl) – this committee makes decisions on the allocation of block grants – and in the 35,280 Ward Citizens Forums (one boy and one girl in each WCF). The LGCDP has been able to create a space and mechanism to listen to children and ensure their meaningful participation. In addition to the systematic consultations with children in the periodic and annual planning processes the MoFALD organized a Training of Trainers to ensure that the collective voices of children are heard and addressed in the annual VDC and DDC councils. According to the MoFALD's Web-Based Reporting System, 8,668 child clubs are reported to exist in the districts and municipalities across the country. Of the fifteen priority districts a total of 12 districts and 7 municipalities have District and municipal level child club networks

In line with the CFLG national Committee's decision to replicate the CFLG nationally, the MoFALD's web based reporting reflects that MoFALD has expanded the CFLG to 61 Districts (including 15 most disadvantaged and priority districts), 18 municipalities, and 317 Village Development Committees (VDCs) through the LGCDP Phase 1. Capacity building of senior MoFALD and NPC officials led to greater awareness about and ownership of the CFLG. On 24 December, 2013, Pragatingar VDC in Nawalparasi was declared the first Child Friendly city/municipality in Nepal and two municipalities (Biratnagar and Pokhara) have committed to declaring their cities child-friendly by 2017 and 2018 respectively, based on guidelines developed and approved by the National Steering Committee.

To integrate pro-poor climate and environmental considerations into local level planning and budgeting processes, various policy planning frameworks and institutional structures were formulated and established to facilitate the process. Since early 2010, the Poverty and Environment Initiative jointly funded by UNDP and UNEP has been supporting LGCDP to enable sustainable management of natural resources, the environment, and climate change for inclusive development.

The GIS databases of 58 Municipalities and 3,915 VDCs have been linked with GIS administrative layers. 69 officials of DDCs and municipalities were trained on Global Positioning System for updating existing bio-physical GIS.

UNICEF, through the Ministry of Women, Children and Social Welfare and the Department of Women and Children supported a total of 1,026 Para Legal Committees (PLCs)¹, in 59 districts, located in 32% of the Village Development Committees. In July 2012, the Government of Nepal recognized the positive contributions made by the PLC programme in achieving protection outcomes and requested UNICEF and DFID to “internalize” the PLC Programme into the

¹ PLCs were initially established by UNICEF in 1999 as a response to the trafficking of women. They have now evolved into a community-based mechanism for the prevention of and response to a much wider range of rights violations experienced by both women and children. Their activities include: i) awareness-raising and promotion of children's and women's rights; ii) early detection of women and children at risk; iii) problem solving of disputes and minor civil cases at the local level; iv) referral of complex civil cases and criminal cases to relevant district level authorities; v) monitoring and follow up, including informal reintegration of survivors in their communities of origin.

government-led and supported Women's Development Programme (WDP). The integration process has ensured ownership, accountability at all levels, and cost effectiveness by using the same organizational structure to promote long term interventions for sustainable impacts. The "internalization process" has also provided the opportunity to work with different types of institutions and various actors including the police, the courts, public prosecutors, protection authorities, community members, local arbitrators, and to strengthen the linkages between them. In addition, the strategy of providing free legal aid through government-led structures has also contributed to improved access to justice for the poor, strengthened the technical capacity to deliver legal services, and bridged the gap between social welfare and judicial authority in the delivery of multi-disciplinary services for victims of violence. Once the PLCs are integrated into the WDP, they will be renamed to Gender Based Violence Watch Groups (GBV-WGs). Currently, this programme is operational in all 75 districts.

After the initiation of the integration process, 1884 GBV WGs were formed in 75 districts covering 16% of the VDCs. In addition, basic training on protection has been provided to the newly formed GBV-WG members. During the reporting period, the PLCs/GBV WGs recorded a total of 41,812 cases. Of which 77% related to women, 15% to children, 7% men and 1% unknown. Out of the total cases 16% have been referred to different service providers for further support while 84% were resolved by PLCs/GBV WGs themselves.

In addition, UNICEF promoted the linkage between the LGCDP and the PLC programme in order to enhance their capacity to engage in local government planning processes and in the preparation of budgets to influence the allocation of the block grants. 30 per cent of the total budget at the local level is to be allocated to programmes in favor of children (10 per cent), women (10 per cent) and DAGs (10 per cent). A significant number of PLCs are already accessing the block grant to provide support to the survivors of violence and to promote the future sustainability of the programme.

UNICEF also contributed to building the Protection System with a particular focus on capacity enhancement of key authorities from the Security, Justice and Social Welfare Sectors in children's and women's protection, and strengthened linkages within and across different line agencies to promote the utilization of multi-disciplinary approaches in prevention and response efforts.

Furthermore, UNICEF has technically and financially supported district-level periodic and annual planning processes. For the first time MoFALD and the National Planning Commission, with technical support from UNICEF and the LBAs, initiated the process of capacity building to develop results-based, and multi-sectoral, integrated district planning in the 15 priority districts. The first series of three day capacity building workshops on results-based planning was held in two regions (Mid-Far Western Region and Eastern Region). The training provided the participants with a very good opportunity to sharpen their results-based skills to put children and adolescents at the heart of their district planning and budgeting to build a common understanding on the importance of results-based planning and in motivating officials to apply results-based

planning in the formulation of the District Periodic and Annual Plans. The training also provided a common platform for all line agencies to share their planning processes, planning timeframes, and the challenges in linking sectoral plans with the bottom up planning process.

In line with MoFALD's priority to support the District Periodic Planning Processes in 75 districts, UNICEF will be providing support in 15 priority districts. The DPP process is completed in one district (Jumla), close to completion in Parsa, and initiated in five districts (Saptari Humla, Bhajhang, Achham and Bajura). The lessons learnt from the introduction of the new content (CFLG, DRR) and processes-consultation with children in the District Periodic Planning (DPP) processes has started influencing the replication of DPP nationally and will influence the revision of the policy guidelines

Partnership

The MoFALD/LGCDP coordination with development partners has been adhering to the aid effectiveness principles that are in line with the Paris Declaration, the Accra Agenda for Action, and the GoN's donor harmonization policy. The LGCDP is a key pilot governance initiative aimed at reducing poverty through improved service provision by dovetailing both GoN's and the development partners' assistance.

Partnerships with CARE Nepal, GIZ and Rural Reconstruction Nepal were made in local level planning as well as for the implementation of Master Training of Trainers and in targeting regional level trainers for Livelihood Improvement Plan (LIP). The training covers basic topics such as sub-sector analysis, preparation of livelihood schemes, cost and benefits analysis, market studies etc. The regional trainers have organized training on livelihood improvement plans for social mobilisers in their respective districts. Partnerships were also forged with Action Aid and CARE Nepal in the implementation of literacy classes.

The LGCDP is also coordinating (harmonization and coordination) its social mobilisation activities with various on-going projects including PASRA of GIZ, Poverty Alleviation Fund (PAF), DFID's Community Service Programme (CSP), Poverty Alleviation from Below (PAB) of CIDA, and the DACAW programme of UNICEF.

Highlights and Cross-Cutting Issues

Poverty reduction, capacity building, gender equality, social inclusion, environment friendly local governance (environment safeguards, climate change adaptation mitigation and disaster risk management –ES-CCM-DRM), results-based management, and rights based approaches are the key cross cutting issues that are central to the LGCDP and the design of the Joint Programme. At the national level, the UNJP has been advocating for gender audits and gender responsive budgeting as well as supporting the poverty and environment initiatives.

ii) Indicator Based Performance Assessment:

	Achieved Indicator Targets.	Reasons for Variance with Planned Target (if any).	Source of Verification.
Outcome 1: Citizens and communities engage more actively with local government and hold them accountable.			
<p>Output 1. 1: Communities and community organizations are empowered to participate in local governance process.</p> <p>Indicator 1. 1. Establish institutional mechanism through which community and community organizations can participate in local planning, implementation and oversight process.</p> <p>Indicators: 1. 1. 1, 1. 1. 4 ,1. 2. 1,</p> <ul style="list-style-type: none"> • Review and refine planning and decision making guidelines. • Translation and printing of new guidelines • orientation to 150 DDC and 58 staff of Municipalities on the new guidelines <p>1. 2: Strengthen the capacity of communities and community organizations to participate in the local planning, implementation and oversight process.</p> <p>Indicator. 1. 2. 1. , 1. 2. 2. ,1. 2. 4</p> <ul style="list-style-type: none"> • Orientation to Ilaka Line agencies • 58 districts/municipalities WCF members training on planning process at the VDC level. • Printing of SM Handbook • Revision and editing of SM Guideline <p>1. 2. 2 Capacity building of SM stakeholders of selected VDCs/municipalities including regional trainers on LLP, civic oversight, community mediation, LIP and grant provision to 170 VDCs of FW</p>	<ul style="list-style-type: none"> • Planning and decision making guidelines have been prepared and approved by MoFALD. • 1000 DDC and 500 Municipality planning manuals printed and distributed. • A total of 325 staff of DDC and Municipalities oriented on the new guidelines. 		<ul style="list-style-type: none"> • Annual Progress Reports of LGCDP • Annual Work Programme. • Quarterly Progress Reports.
	<ul style="list-style-type: none"> • 750 staff of Illaka line agencies trained on local level planning. • 56821 WCF members trained on local level planning. • SM Handbook printed. • Work on SM guideline is underway and expected to be completed soon. 		<ul style="list-style-type: none"> • Annual Progress Reports of LGCDP. • Annual Work Programme. • QTR Reports.

<p>region</p> <p>Indicators: 1. 2. 2, 1. 2. 3</p> <ul style="list-style-type: none"> • Training of Regional trainers on LLP, training on LIP of SMs, LSP, District/Municipality Facilitators and staff. • Capacity building of Local Service Providers. • Training on community mobilisation and principle of local community participation. 	<ul style="list-style-type: none"> • Master TOT on LIP provided to 36 people to act as regional trainers and 12,163 persons have been trained on LLP. • At the Central level, daylong orientation was organized for the key officers of MoFALD, TOT on REFLECT LLP and Annual Progress Reports of LGCDP. • Annual Work Programme. Scorecard for six key trainers (CCU, GIZ and RRN). TOT to LSP on LLP and community report card provided to 900 persons including DF/MF, ADF/AMF. 		<ul style="list-style-type: none"> • QTR reports.
<p>Output 2: Increased capacity of citizen, community and marginalised groups to assert their rights and hold local government accountable.</p> <p>Indicator 2. 1. 1,2. 1. 5. ,2. 3. 3. , 2. 3. 4</p> <ul style="list-style-type: none"> • Documentation of LGCDP success stories. • Establishment and operationalization of communication gateway. • Regional level training for journalists on local governance and community development ,LGCDP 	<ul style="list-style-type: none"> • Preliminary work completed. • Consulting firm provided the assignment and 30% task completed. • Three days long regional level training on LGCDP and local governance at the five CCU organized and provided training to 117 Development Journalists of 66 districts. 		<ul style="list-style-type: none"> • Annual Progress Reports of LGCDP • Annual Work Programme.
<p>Outcome 2: Increased capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner.</p>			
<p>Output 3: Local government gain access to greater fiscal resources in equitable and appropriate way</p> <p>Indicators: 3. 5. 5. , 3. 6. 1, 3. 6. 2. , 3. 6. 3.</p> <ul style="list-style-type: none"> • Orientation to DDC, Municipalities and VDCs on blended block grant manuals. • Printing of sand, gravel and stone report summary in Nepali and English language. • Support creating enabling environment for implementing sand, 	<ul style="list-style-type: none"> • Two days long orientation training of DDC, municipalities, and VDCs on blended block grant manual organized in eight different locations participated by a total of 492 personnel. 		<ul style="list-style-type: none"> • Annual Progress Reports of LGCDP • Annual Work Programme.

<p>gravel and stone recommendations.</p> <ul style="list-style-type: none"> • Develop MCPM criteria for regular conditional grants to DDCs and municipalities • Support to update and prepare grant allocation formula and related indicators such as cost accessibility and infrastructures 	<ul style="list-style-type: none"> • Sand, gravel and rural roads document published in English and Nepali language. • Summary report of sand, gravel and stone published in English and Nepali language. • Provided support to implement recommendations of sand, gravel and stone report. 		
<p>Output 4: Appropriate capacity building services passed on to all levels of the local government service delivery system.</p> <p>Indicator 4. 4. ,4. 5, 4. 7, 4. 5. 1,4. 5. 2,4. 5. 3,</p> <ul style="list-style-type: none"> • Review, refine update and printing of gender audit budget guidelines of DDCs incorporating social inclusion component in line with GRB principle. • Orientation on revised version of GESI audit budget guideline to LBs at regional level and on child right for the DDC training curriculum. • Organize consultative meetings at central and regional levels. • Orientation to MFs on LGCDP and CCU staff on analytical tools for reviewing CD Plans. • Orientation on GESI budget audit guidelines of the VDCs and Municipalities to LBs at regional level. • Orientation on LGCDP II to LDO's and Executive Officers. • Strategic training package on mainstreaming environment in local development for social mobilisers. • Training to new VDCs secretaries and staff. • Capacity building to VDC Secretaries and Technicians • MCPM assessment of DDCs and quality assurance of MCPM assessment 	<ul style="list-style-type: none"> • Two workshop one at the national and another at the district level were organized for soliciting suggestions and comments from participants for updating and printing of gender audit budget guidelines of DDC. • Orientation programme on GESI audit budget guidelines to LBs of two days duration organized in two locations; Dhulikhel and Nepalgunj. • Under GRB some grant provided to the DDC. It is reported that 50% of the DDCs are able to conduct gender audit budget and other remaining 50% implemented GESI awareness program and training. • Thirteen consultative meeting (2011, 2012 and 2013) were organized at the CCUs and Kathmandu representing over 70 districts of Nepal being participated by a total of over 700 that include PCU =; NPD, NPM Specialists, LDOs, district officials , coordinators , 	<p>Performance measure for sector grants has been deferred to LGCDP phase II although the TOR has been finalized for the study</p> <p>Categorization of VDCs for grant and MCPM systems has also been deferred to LGCDP Phase II</p>	<ul style="list-style-type: none"> • Annual Progress Reports of LGCDP • Annual Work Programme.

<ul style="list-style-type: none"> • Consolidated report writing for MCPM assessment • Prepare performance measurement indicators for sectoral grants • Orientation on new MCPM manual to DDC • Categorization of VDCs for grant and MCPM systems • Conduct representative survey on revenue potentiality of DDCs, Municipalities and VDCs • Assessing the revenue potentiality of DDCs and VDC, reviewing the revenue potentiality of Municipalities • Reviewing and refinement of the revenue sharing mechanism of Local Bodies, and Revenue expenditure tracking. 	<p>DF/MFs and , ADF, AMF.</p> <ul style="list-style-type: none"> • LGCDP in coordination with MoFALD Municipality section organized two orientations programme of four days duration for MFs and newly recruited MFs/AMFs of the five CCUs being participated by a total of 577 of which 18 per cent were female. • Orientation programme of two days duration organized at two locations being participated by the VDCs and Municipalities lying in the five cluster coordination Units of LGCDP. • General orientation on LGCDP II was carried out in the three Development Regions participated by a total of 1,108 staff. • Training package developed on mainstreaming environment in local development for social mobilisers. • 740 VDCs Secretaries participated in training on LGGA, social mobilisation, planning process, MCPM, GESI and environment. • Capacity development training was provided to a total of 210 staff that includes 148 VDC secretaries and 62 technicians. • MCPM assessments of DDCs and quality assurance of assessment completed with 6 DDCs, 5 municipalities and 834 VDCs failing to meet the minimum conditions. The consolidated report writing completed and reports are being translated in English. Orientations on new MCPM manuals have been given to DDCs. • Representative survey on revenue potentiality 		<ul style="list-style-type: none"> • QTR reports.
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	------------------------------------------------------------------

	<p>of DDCs, Municipalities and VDCs along with review and refinement of revenue sharing mechanism of local bodies was initiated during 2013</p> <ul style="list-style-type: none"> • A preliminary report on revenue expenditure tracking has been received by the Local Body Fiscal Commission which is being finalized. 		
<p>Output 5: Local government Infrastructure and service delivery mechanism and processes are fine-tuned.</p> <p>Indicator 5. 1. 2. , 5. 1. 4, 5. 1. 5, 504 , 545</p> <ul style="list-style-type: none"> • Training of internal and external auditors on PFM and FAMP. • Training for internal auditors of VDC,DDC and Municipality (five programmes) • Training on VDC PFM for external Auditors (12 programmes). • Orientation on the auditing manuals to the LDOs, EOs and the external auditors. • Orientation to Municipality EOs and training to municipal staff on accrual accounting /TOT Local Body Public Financial Management in AIT Thailand. • Appointment of Chartered Accountants in six municipalities to implement Accrual Accounting. • VDC accounting software training and follow up (12 training programmes, 300 VDCs) • Development and piloting of accrual accounting software for municipality • Testing safety net and social assistance programme: • Preparatory work on design of operational manual and guidelines as well as TA for district level staff • Payment Service Providers fees disbursed 	<ul style="list-style-type: none"> • Training of 3 days duration on VDC Public finance management was organized for the external and internal auditors of 19 districts of the Western and central development region being participated by a total of 87 participants. Accounting Soft ware has been installed in 474 VDCs and 26 staff of 13 DDCs participated in the FAMP. • Five training programme have been organized for the VDC, DDC and Municipality internal auditors. • Twelve programmes organized for VDC External auditors. • Auditing guideline prepared by LGCDP forwarded to ICAN for issuance on their behalf with refinement needed. Orientation has been given to the target population. • A TOT on Local body Financial Management of ten days duration was organized in Bangkok, Thailand being participated by 12 Sr. Professional of OAGD, FCGO of Revenue Administration Training Centre, DTCO Dhading and MoFALD. 		<ul style="list-style-type: none"> • Annual Progress Reports of LGCDP. • Annual Work Programme. • Annual Progress Reports of LGCDP. • Annual Work Programme.

<ul style="list-style-type: none"> • Communication materials developed 	<ul style="list-style-type: none"> • Consultant has been selected from UN Procurement System for development of software that will be piloted in six municipalities. • M&E Section of MoFALD has updated and refined the monitoring and evaluation indicators. • VDC accounting software has been developed and 460 VDCs of 23 districts have received trainings, exceeding the target. • The accrual accounting software for municipalities has been developed and is being piloted in six municipalities. • The Human Development Social Protection Pilot was rolled out, with all the groundwork of developing an operation manual, communication strategy completed by 2013 along with household registration and establishment of a MIS system in the two districts. A Payment Service Provider was selected- Siddhartha Bank and the first payment was disbursed in 2013. 		
<p>. Outcome 3: Strengthened policy and national institutional framework for decentralization, devolution and community development</p>			
<p>Output 6: Indicator 6. 1. 1 Study on fiscal decentralization undertaken</p>	<ul style="list-style-type: none"> • Study on Fiscal decentralization focusing on Nepal completed by Dr. D. K. Srivastava with support from the Local Body Fiscal Commission. 		

<p>Output 7: Capacity of Central government and national non-government institutions to provide appropriate support to local government is enhanced.</p> <p>Indicator: 7. 1. 1, 7. 1. 2., 7. 1. 3. ,7. 1. 4. ,7. 1. 5. , 7. 1. 6. ,,7. 1. 7, 7. 1. 8. ,7. 2. 3. ,7. 4. 3. , 7. 5. 1,7. 5. 2,7. 5. 3, 7. 5. 4. , 7. 5. 6. , 7. 5. 8, 7. 6. 3, .</p> <ul style="list-style-type: none"> Organize training on global positioning and use of GIS maps and new version of GIS software. Prepare and publish maps of 75 districts showing VDC and Municipalities population and other details as per the Nepal's Population Census of 2011. Reestablishment of GIS Unit in the new building and support logistics. Conversion and installation of House Mapping data and managed in Geo-database to shape file of 11 Municipalities. Provide GIS training to staff of MoFALD. Resource map updating of two districts; Kanchanpur and Dadeldhura. Revision of LSGA, 1999. Codification and integration of various guidelines and manuals issued by MoFALD and DOLIDAR. Institutional and logistics support to strengthening of the LBFCS Update M&E Framework of MoFALD. Update guideline on public hearing and public auditing. Provide M&E training for MoFALD and logistics support for the M&E Section. Complete the LMGD report. Organize orientation on operational manual of GESI based on strategy at regional level. 	<ul style="list-style-type: none"> Global Positioning System for updating existing bio-physical database training programme of 6 days duration was organised in Kathmandu which was participated by 69 Officials of DDCs and Municipalities. GIS database of 58 Municipalities and 3915 VDCs have been linked with GIS Administrative layers for producing administrative maps of districts depicting 2011 Population Census Data. GIS Facility has been established in the new building of MoFALD. Updating of GIS biophysical layers at national level is initiated. GPS device for updating is procured and provided to Information & Publication section of MoFALD. Field visits for the installation of the converted GIS Shape file of 11 of 11 Municipalities completed. One officer of MoFALD has been provided 45 days long GIS and ICT training. Updating of resource maps of Kanchanpur and Dadeldhura districts have been completed. MoFALD has forwarded the revised LSGA document to the Office of the Prime-Minister for approval. Necessary logistics support has been provided for LBFCS smooth functioning. M&E Framework of MoFALD has been finalized. 		<ul style="list-style-type: none"> Annual Progress Reports of LGCDP. Annual Work Programme.
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------------------------------------------------------------------------------------------------------------------

	<ul style="list-style-type: none"> Guidelines on public hearing and auditing have been upgraded. Training provided to MoFALD officials on monitoring and evaluation and logistics; computers, cameras, projectors, Laptops etc have been provided. The LMDG report has been completed. Five training programmes have been organized through the CCUs with a limited number of participants due to festival /vacation. 		<ul style="list-style-type: none"> QTR reports.
<p>Output 8: Support provided for programme implementation. Indicator: 8. 1. 1. (a) 8. 1. 1 and 8. 1. 1(b). (c).</p> <ul style="list-style-type: none"> Provide GIS training to municipality personnel. Provide training to newly recruited VDC secretaries. Provide training to VDC Junior Technicians 	<ul style="list-style-type: none"> GIS training of four days duration provided to 55 personnel of 55 Municipalities lying in the five development regions of the country. Basic Operation training of four days duration organized in two batches was participated by a total of 541 VDC secretaries of 59 districts. A total of 106 Junior Technicians of 15 districts of the Eastern, Western and Mid-Western Development regions. Participated in the four days long training programmes. 		<ul style="list-style-type: none"> Annual Progress Reports of LGCDP. Annual Work Programme.

iii)Evaluation, Best Practices and Lessons Learned

Evaluation Findings

- The Focused Evaluation conducted in September 2012 elaborates on the modest progress being made on the extent to which citizens have become actively engaged and able to hold local government to account. Significant effort was made during the programme period to prepare the foundations and structures for future local governance reforms. It should be noted that the extent to which women, children and disadvantaged groups have been included in the governance processes has been greatly enhanced by the establishment of the community institutions such as the CACs and the WCFs. The capacity of local governments to manage resources and deliver services in an inclusive and equitable fashion increased significantly along with increases in the access to resources by local governments as a result of the LGCDP activities. Additional major findings of the evaluation include the following:
 - New social infrastructure has been successfully put in place.
 - Foundations and structures prepared for future local governance reforms.
 - Women, children and disadvantaged groups (DAG) have been included in the governance process and have been greatly enhanced by the establishment of CACs and WCF.
 - The Blended Block Grant guidelines introduced by MoFALD during the LGCDP Phase 1 mandated 35% capital budget of the LBs to be directed to these groups.
 - Significant change in the capacity of the local government to manage resources and deliver services in an inclusive and equitable fashion.
 - Significant increase in access to resources by local government as result of the LGCDP 1 activities.
- The programme acts as a framework to bring together all of the programmes, institutions and actors influencing and involved in local governance and community development process through enhanced networking, collaboration, and coordination mechanisms and systems aimed at achieving programme outcome and outputs.
- As attested by the Mid-term Review and the Focused Evaluation of the programme and the results, Phase I has accomplished a great deal in terms of building and extending the Ministry's service delivery capacities at both the national and local levels.
- International experience makes it clear that building capacities for the devolved local governance and a transformed relationship between local bodies and local citizens and communities requires a long term strategy and a commitment to providing support covering more than 4/5 years' time span. The approaches and structures of the CAC and the WCF need to fully consolidate and institutionalize in the years to come.
- LGCDP I is a bold experiment in the application of a programme approach to aid delivery in a complex sector. Many steps were taken during the LGCDP I to bring the programme in line with the kind of programme approach to which both the donor and the GoN have expressed consistent

commitment. It focused on core principles of development aid effectiveness; structure, integrating donor funds into the blended block grant, improving the management of the fiduciary risks, and other similar changes.

- Building a local governance system for enabling the country's socio-economic development is critical to the nation's long term well-being. The ability of local governments to continue to function effectively despite the uncertainty of the recent years has been, and will continue, to provide a solid platform for managing the Nepal transition towards federalism. It will also provide a strong foundation for harmonizing, coordinating, and steering the development efforts of the government, non-government, and private sectors at the local level.
- Reviews of specific aspects including mid-term and focused evaluation, Quality Assurance Mechanisms (QAM), conducting multi-level assessments identifying and assessing organizational and systematic constraints and making recommendations for more effective LGCDP implementation.
- A baseline survey covering 75 districts, 58 municipalities, 199 VDCs, 5,873 households and 553 community organizations has been completed. The overall findings of the baseline survey are:
 - A large number of respondents were not familiar with the annual budgeting, planning processes, the role and responsibilities, or the development activities of the LBs.
 - As much as 63% of respondents stated that they had not attended any ward level planning meetings organized by the VDC or the municipality.
 - Those who had limited understanding of activities of the local bodies mentioned that there was a high level of political influence on the selection of projects and budget allocation in LBs.
- The PLC baseline survey was a crucial component of the programme. It provided a benchmark for the programme which served as a basis for monitoring and evaluation of both the outcome and outputs of the programme.
- Although the financial inclusion of women has often been recognized a key vehicle for reaching protective outcomes in both women and children, the Programme needs to invest considerable efforts to position Women's and Children's Protection in the vision, mission, objectives, structures, and tools of the Women's Development Programme. This will be particularly critical if the Programme will want to maintain and maximize the significant protection gains achieved through the Para Legal Committees. DFID has commissioned a review of the WDP programme which will provide strategic direction on this issue.

Implementation Issues and challenges:

- Institutionalization of the WCFs/CACs, and the retention of trained and effective Social Mobilisers.

- Women and socially excluded peoples have less access to the local bodies planning process due to illiteracy, less access to information, and less understanding on development initiatives.
- GRB/GESI responsive budgeting and auditing are tools to make it systematic; one event on orientation may not be materialized into practice.
- Capacity development activities implemented by multiple streams with minimal coordination (lack of coherence), Gaps in CD planning (priorities not captured properly in some cases), and Fiduciary risk associated with CD grant implementation.
- Lack of qualified CD service providers in remote districts.
- Maintaining quality and effectiveness of training.
- Community peoples are not fully empowered with the knowledge and skills necessary to play their roles in local governance.
- Ineffective environmental governance, due mainly to poor coordination, monitoring, partnership, integrated planning and inclusive management.
- Inadequate capacity, skills, knowledge, and access to tools and techniques to mainstream poverty, environment, and climate change considerations in local development planning and budgeting process.
- The mandate and responsibility of the DWC and district WCOs with regards to women's and children's protection remain undefined, and the vision, structures, and programmes continue to be almost exclusively aimed at supporting women's empowerment programmes in rural communities.
- The "internalization" process is now providing the unique opportunity to position protection within the agenda of the DWC, WCOs and VDC level structures, and link women's empowerment with positive protection outcomes.
- The implementation of the "new" strategy is a complex undertaking that requires time and intensive technical assistance to the MoWCSW, DWC, WCOs and Women's Groups/Federations/Cooperatives. The lack of trained human resources had impact on the programme to some extent.
- Elections, absence of elected leadership, frequent officer transfers, and weakened local democratic functions delayed LGCDP implementation and monitoring efforts. Capacity building strengthened sectoral convergence in planning, systematic monitoring, reporting and documentation including analysis of resource allocation for women and disadvantaged children will be future priority areas.
- The meaningful participation of children in local governance processes was a challenge. The capacity building of Government Programme Officers, Child Rights Officers, and regional trainers from 15 priority districts on how to facilitate children's voices in the annual planning

process has provided uniform understanding and will assist in the systematic collection of demands of girls and boys in the coming year.

Lessons Learned:

- Effective implementation of social mobilisation at district and village level depends upon the leadership quality and efforts of the social mobiliser. Regular orientation on social mobilisation guidelines & REFLECT is required for Local Service Providers and social mobilisers to strengthen social mobilisation implementation. Frequent turnover of social mobilisers and changing D/MSMC members often hinders smooth implementation of social mobilisation.
- The sense of ownership of the local bodies is very important for an effective delivery of the programme activities as is the need to continually build up capacity of the people, especially poor and excluded, at the local level. Effectiveness and sustainability of the programme can be guaranteed only when the community people are empowered with knowledge and skills to play their roles in the governance. It has been observed that the accountability of service providers is directly linked with the capacity of the citizens to demand services.
- Institutional set up at VDC level is very weak. In order to implement the programme effectively at the local level, there is a need to enhance the capacity of VDC, both in terms of the demand and supply side of capacity development.

iv) Two specific success stories

1. Irrigation facility increased the income of the villagers

The Gakchhu VDC, which is located in the northwest of the district headquarters of Gorkha at a distance of 8 kilometers, is backward from the development perspective. Slightly away from the Daraundi River, the main source of livelihood for the population is agriculture. The Ghartitar and Kudulee settlement of the Gakchhu VDC adjoin each other and have abundant agricultural land without irrigational facilities. Owing to the absence of irrigation facilities, only single cropping is possible with a very low productivity that can only sustain livelihoods for 3 to 4 months at a time. Therefore, the majorities of the population either leaves to earn money in the district

headquarters, or are compelled to go abroad as crude laborers to sustain the family needs. Sometimes, cropping is not possible due to an absence of rain and the majority of the population faces grave shortages in cereal grains leading to potential starvation.



View of the irrigational canal

In view of this acute problem, the local people requested an irrigation project from the VDC through the Ward Citizen Forum. The VDC forwarded the request to the DDC which ultimately approved the project and provided Rs 600,000 for an irrigation project. The project was successfully completed with people's contribution worth more than one million rupees (**above**). As per the technical evaluation, the project was successfully completed with people's participation exceeding Rs. 300,000 which is expletory. The canal that was built is 2550 meters long and irrigates more than 300 ropanies (15. 26 hectares) of land year round, benefitting 210 households with the majority of them being under privileged groups. In addition to the increase in the production of food grain as a result of the irrigation facility, villagers have started vegetable farming and raising their income status. The total cost of the Ghartitar Kudelee Irrigation Project amounted to Rs 1,410,00 as per the technical evaluation. After the completion of the irrigation project, regular monitoring and evaluation is being conducted by the DDC, LGCDP, CC Unit Pokhara, ADB and other organizations.

The LGCDP addressed the problems of the community through supporting their prioritized irrigation project, which has helped to increase the production of cereal grain in the VDC, increased income through vegetable farming, and brought improvement in the livelihoods of the VDC people.



During the course of monitoring the project, a direct interaction was made with Sadhu Ram Ramtel of Gartitar (**left**) who is showing his vegetable garden and says that he had left occupation in Kathmandu to cultivate vegetables. According to him, when the irrigation facility was absent, only one crop was possible on four ropanies (0.2 hectares) of land that sustains life for only 3-4 months. After the irrigation facility, he has been cultivating vegetable in two ropanies (0.1 hectares) and paddy cultivation in the rest two ropanies (0.1 hectares) of land. There has been a significant increase in the agricultural productivity of the beneficiaries.

The local people who previously had limited land are now happy with year round irrigation facilities.

Local people are now also cultivating vegetables, tomatoes, potatoes and pulses which were not possible to cultivate earlier. The irrigation facility is gradually changing their economic condition. For the sustainability of the project, a Repair and Maintenance Committee has been formed and every household contributes Rs. 10.00 every month and a meeting is held once a month to discuss relevant issues and solve emerging problems. The villagers are thankful to the LGCDP for resolving their problems.

2. Increased Access to Government Resources

Malika Tole – one of the backward settlements, which is situated at Ward No.7 of the Baglung Municipality is inhabited by mostly poor people. The majority of the population of this settlement lies below the poverty level and the socio economic status of the community is very low. They had no access to governmental or other public resources and they had no idea how to approach them. Two years ago it was very difficult to start any development activities there.

The LGCDP Social Mobilisation programme was started in Baglung Municipality on 2068/69. A Ward Citizen Forum was formed at the ward level. Similarly based on the socio-economic analysis of the ward, Malika Tol was selected for the establishment of the Citizen Awareness center. Women of the settlement united in a CAC (**right**) and started meeting every Saturday. With the help of a social mobiliser, and using the ReFLECT process, they identified and prioritized the major issues and



CAC members deliberate in the meeting

problems of the community. Health and sanitation, domestic violence, social discrimination, education, human rights, social security, vital registration, and citizenship have become major topics of their discussion. Similarly, participatory planning processes of local bodies, goods and services provided through LBs and other organizations also get priority for discussion. From the series of discussion and training programmes, capacities of the local people were empowered. The CAC members became aware of their roles and responsibilities and they can now openly discuss and can raise their voices. The people are united and committed to the socio- economic transformation of the community.

The CAC members realized that the problem of health and sanitation can only be solved through the provision of safe drinking water. Drinking water supply plans became a first priority of the community. Therefore, the CAC requested support for the construction of a water supply through the Ward Citizen

Forum. The Municipality also gave priority and approved the demand of the CAC and provided a sum of Rs. 100,000.00 for the construction of a water tank. A New User committee was formed. The community also contributed Rs 32000.00 and a new water tank with 15000 liters capacity was constructed (**right**). Now they collect the water in the tank and distribute the water as and when required. Before the construction of the water tank they had to spend hours collecting water that was highly contaminated. Many people were suffering from water borne diseases. The domestic animals of



that community also used the same water. After the construction of the water tank they have safe drinking water and considerable time was saved for collecting the water. Now the people of the community are very happy and have adequate time to think about the development of their locality. Thus, through the social mobilisation processes, even poor people were able to approach the government for resources and fulfill their needs.

PART II: ANNUAL FINANCIAL REPORT

DEFINITIONS

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement (SAA) with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

Date of transfer of first instalment from the MPTF Office to the Participating Organization.

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

2013 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the JP Nepal LGCDP funds using the pass-through funding modality as of 31 December **2013**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/JNPO0>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2013**, two contributors have deposited US\$ **14,216,038** in contributions and US\$ **63,119** has been earned in interest,

bringing the cumulative source of funds to US\$ **14,279,157** (see respectively, Tables 2 and 3).

Of this amount, US\$ **14,073,876** has been transferred to three Participating Organizations, of which US\$ **13,541,947** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **142,160**. Table 1 provides an overview of the overall sources, uses, and balance of the JP Nepal LGCDP as of 31 December **2013**.

Table 1. Financial Overview, as of 31 December 2013 (in US Dollars)*

	Annual 2012	Annual 2013	Cumulative
Sources of Funds			
Gross Contributions	2,347,887	-	14,216,038
Fund Earned Interest and Investment Income	1,455	232	47,063
Interest Income received from Participating Organizations	9,079	-	16,056
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	2,358,421	232	14,279,157
Uses of Funds			
Transfers to Participating Organizations	300,217	1,985,074	14,073,876
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	300,217	1,985,074	14,073,876
Administrative Agent Fees	23,479	-	142,160
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	33	5	123
Other Expenditures	-	-	-
Total: Uses of Funds	323,729	1,985,079	14,216,160
Change in Fund cash balance with Administrative Agent	2,034,692	(1,984,847)	62,997
Opening Fund balance (1 January)	13,152	2,047,844	-
Closing Fund balance (31 December)	2,047,844	62,997	62,997
Net Funded Amount to Participating Organizations	300,217	1,985,074	14,073,876
Participating Organizations' Expenditure	3,161,959	2,936,997	13,541,947
Balance of Funds with Participating Organizations			531,929

* Due to rounding of numbers, totals may not add up. This applies to all numbers in this report.

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December **2013**.

Table 2. Contributors' Deposits, as of 31 December 2013 (in US Dollars)*

Contributors	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total
Government of Denmark	2,406,399	-	2,406,399
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)	11,809,639	-	11,809,639
Grand Total	14,216,038	-	14,216,038

3. INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent ('Fund earned interest'), and 2) on the balance of funds held by the Participating Organizations ('Agency earned interest') where their Financial Regulations and Rules allow return of interest

to the AA. As of 31 December **2013**, Fund earned interest amounts to US\$ **47,063** and interest received from Participating Organizations amounts to US\$ **16,056**, bringing the cumulative interest received to US\$ **63,119**. Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2013 (in US Dollars)*

Interest Earned	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total
Administrative Agent			
Fund Earned Interest and Investment Income	46,831	232	47,063
Total: Fund Earned Interest	46,831	232	47,063
Participating Organization			
UNDP	16,056	-	16,056
Total: Agency earned interest	16,056	-	16,056
Grand Total	62,887	232	63,119

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2013, the AA has transferred US\$ **14,073,876** to three Participating Organizations (see list below).

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2013 (in US Dollars)*

Participating Organization	Prior Years as of 31-Dec-2012			Current Year Jan-Dec-2013			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNCDF	2,550,000	-	2,550,000	-	-		2,550,000	-	2,550,000
UNDP	2,064,587	-	2,064,587	-	-		2,064,587	-	2,064,587
UNICEF	7,474,215	-	7,474,215	1,985,074	-	1,985,074	9,459,289	-	9,459,289
Grand Total	12,088,802	-	12,088,802	1,985,074	-	1,985,074	14,073,876	-	14,073,876

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year 2013 were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

As shown in table 5 below, the cumulative net funded amount is US\$ **14,073,876** and cumulative expenditures reported by the Participating Organizations amount to US\$ **13,541,947**. This equates to an overall Fund expenditure delivery rate of **96** percent. The agency with the highest delivery rate is UNDP (100%) followed by UNCDF (97%) and UNICEF (95%).

Table 5. Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2013 (in US Dollars)*

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Cumulative	
UNCDF	2,550,000	2,550,000	1,633,055	850,403	2,483,458	97.39
UNDP	2,064,587	2,064,587	2,023,642	38,916	2,062,558	99.90
UNICEF	9,459,289	9,459,289	6,948,254	2,047,678	8,995,931	95.10
Grand Total	14,073,876	14,073,876	10,604,951	2,936,997	13,541,947	96.22

5.2 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditures incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditures are reported in the new eight categories. The old and new categories are noted to the right.

Table 6 reflects expenditure reported in the UNDG expense categories. Where the Fund has been operational pre and post 1 January 2012, the expenditures are reported using both categories. Where a Fund became operational post 1 January 2012, only the new categories are used.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 6. Expenditure by UNDG Budget Category, as of 31 December 2013 (in US Dollars)*²

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2012	Current Year Jan-Dec-2013	Total	
Supplies, Commodities, Equipment and Transport (Old)	415,239	-	415,239	3.31
Personnel (Old)	2,482,966	-	2,482,966	19.77
Training of Counterparts (Old)	575,295	-	575,295	4.58
Contracts (Old)	3,050,409	-	3,050,409	24.29
Other direct costs (Old)	332,742	-	332,742	2.65
Staff & Personnel Costs (New)	252,809	(70,988)	181,821	1.45
Suppl, Comm, Materials (New)	357,936	(55,245)	302,690	2.41
Equip, Veh, Furn, Depn (New)	58,410	(38,105)	20,305	0.16
Contractual Services (New)	260,854	(1,480,035)	(1,219,182)	(9.71)
Travel (New)	261,201	178,409	439,609	3.50
Transfers and Grants (New)	1,561,581	3,958,985	5,520,566	43.96
General Operating (New)	175,194	280,728	455,922	3.63
Programme Costs Total	9,784,634	2,773,748	12,558,382	100.00
Indirect Support Costs Total	820,317	163,248	983,565	7.83
Total	10,604,951	2,936,997	13,541,947	

² In 2013, some UN Agencies have corrected prior years' wrong mapping of budget categories. As a result of this exercise, some budget categories show negative amounts with no change in the overall expenditure amount for the year.

Indirect Support Costs: The timing of when Indirect Support Costs are charged to a project depends on each Participating Organization's financial regulations, rules or policies. These Support Costs can be deducted upfront on receipt of a transfer based on the approved programmatic amount, or a later stage during implementation.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the JP Project Document, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December **2013**, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. Cumulatively, as of 31 December **2013**, US\$ **142,160** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **163,248** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **983,565** as of 31 December **2013**.
- **Direct Costs:** The Fund governance mechanism may approve an allocation to a Participating Organization to cover costs associated with Secretariat services and overall coordination, as well as Fund level reviews and evaluations. These allocations are referred to as 'direct costs'. In **2013**, there were no direct costs charged to the Fund.

Therefore, the Indirect Support Costs percentage may appear to exceed the agreed upon rate of 7% for on-going projects, whereas when all projects are financially closed, this number is not to exceed 7%.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.

The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.