



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Nepal

Reporting Period: 1 January - 31 December 2021

JP title: “Reorienting Public Finance for SDGs Acceleration and Leveraging Additional Resources in Nepal”

PUNOs: UNDP, UN-Women, UNCDF

Government partner: Ministry of Finance

Target SDGs: SDGs 2, 5, 17

Gender Marker: 2

Approved budget: USD 999,996

Co-funding: USD 190,000

Total Disbursement by 2021: USD 499,998

Total estimated expenditures: USD 72,647.35 (est. Delivery rate: 14.5%)

Total estimated commitments (including expenditures): USD 499,998 (est. Committed rate: 100%)

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Executive Summary

The JP was approved by government only in September 2021 so there was roughly three months only for the implementation. Despite short period, the JP managed to establish governance and coordination mechanism with the government as well as completed few strategic activities. An Advisory Committee chaired by the Joint Secretary of MOFAGA is formed as the oversight body to provide strategic guidance as well as support the implementation. The Advisory committee meeting was held in last quarter of 2021. The meeting approved 2021 work plan and also provided guidance for better synergy with PLGSP. In line with the JP work plan, following are major achievements. 1) Formulation of SDG based MTEF Preparation Resource Book for Local Governments - In partnership with MOFAGA, a resource book for SDGs based MTEF preparation for local government has been prepared. This resource book will be useful reference materials for local governments in integrating SDGs in MTEF preparation process. The JP will pilot this tool in 14 local governments in 2022. 2) Workshop on SDG based MTEF Preparation - A national level review workshop on preparation of SDG based MTEF was organized with line ministries of the Federal Government where major issues pertaining to MTEF preparation and its integration with SDGs has been thorough discussed. the workshop identified a number of priorities to integrate SDGs in MTEF at federal and sub-national level. 3) A draft

of compendium of best practices on MTEF and gender integration have been prepared with the objective to learn from different models and plan strategies that can be effectively customized to the country context.

Annual Progress

Overall JP self-assessment of 2021 progress:

Not-satisfactory (majority of expected results not yet achieved; over 3 months delay in implementation)

Comments on self-assessment: The JP's majority of expected results were not achieved pertaining to delays in implementation due to late government endorsement. However, the issue has been addressed with the updated programme document. Some specific reasons for the delay were: - Shifting focus to sub-national level. The JP was initially proposed to engage with less local entities and more at central level of government. However, the coordination entities at federal level for SDGs work [Ministry of Finance (MoF) and the National Planning Commission (NPC)] suggested to revise the document and shift the focus to sub-national level, expanding the coverage from two provinces to seven provinces. - Change in focal government entity. As the JP was deemed suitable for sub-national implementation, the Ministry of Federal Affairs and General Administration (MOFAGA) became the lead government entity, replacing the NPC. The PUNOs had to revise the document jointly with MOFAGA to align with their national flagship programme PLGSP. The revised document again went through the government approval process as well as with the SDG Secretariat, that took some time and delayed the implementation. - COVID -19. Instability due to second wave of COVID-19 that was felt worldwide also impacted the general functioning of the GoN as it grappled to manage the humanitarian crisis.

Overall progress and key developments to date (3 key JP milestones)

- a) governance and coordination: An Advisory Committee chaired by the Joint Secretary of MOFAGA is formed as the oversight body to provide strategic guidance as well as support the implementation. The Advisory committee meeting was held in last quarter of 2021. The meeting approved 2021 work plan and also provided guidance for better synergy with PLGSP. The PUNOs liaised with key government counterparts to finalize the best placed governance and coordination mechanism for the JP. The JP has been updated to focus on increasing the coverage at sub national (provincial and local) level considering the evolving federal context in Nepal. The PUNO will continue to work with the National Planning Commission (NPC) particularly on the Medium-Term Expenditure Framework (MTEF) component. Under the guidance of the Resident Coordinator and the Steering Committee meetings, the JP implementation succeeded in leveraging the one million joint project with strategic linkage with PLGSP which is 130 million.
 - b) Research, assessments and feasibility studies on SDG financing: The JP has prepared a draft of compendium of best practices on MTEF and gender integration with the objective to learn from different models and plan strategies that can be effectively customized to the country context. Similarly, the groundwork was initiated for conducting a status review of Revenue Improvement Action Plans of local governments, including the selected pilot municipalities.
 - c) financial policy development and financial advocacy activities:
 - d) Workshop on SDG based MTEF Preparation - A national level review workshop on preparation of SDG based MTEF was organized with line ministries of the Federal Government where major issues pertaining in MTEF preparation and different strategies to address the problems were discussed. Capacity building of the provincial and local governments on MTEF preparation emerged one of the major challenges at sub-national level.
- ii) Formulation of SDG based MTEF Preparation Resource Book for Local Governments - In partnership with MOFAGA, a resource book for SDGs based MTEF preparation for local government has been prepared. This resource book will be useful reference materials for local governments in integrating SDGs in MTEF preparation process.

lii) Hiring of national constants for SDG budget coding – two national consultants have been hired to prepare SDG budget coding guidelines. These guidelines will be finalized by end of March. The guidelines will be piloted in 14 pilot local governments for SDGs coding of local government’s budget.

Changes made to JP: The JP remains unchanged after it was endorsed by MOFAGA in August 2021. With the objective to extend the JP for additional six months (from July to December 2022), the JP has been revised with new timeline and submitted to the Secretariate for endorsement. The only changes in the revised document was to include LG’s/ SDG based MTEF as Programme Output level indicator.

Main Challenges: The main challenge faced was the delay in endorsement of the JP by the Government which delayed the implementation. This was addressed through continuous follow up and advocacy by PUNOs with the Government, resulting in the endorsement of the JP by the Ministry of Federal Affairs and General Administration.

Updates on SDG financing framework

	Assessment		Monitoring	Governance
Inception phase	Diagnostics	Financing Strategy	Review	Coordination
N/A	Completed (100%)	Emerging (1-49%)	Planned (0%)	N/A

Descriptions on progress by INFF building blocks

Inception Phase: NA

Assessment & Diagnostics: NA

Financing Strategy: To support the SDGs acceleration, the JP prepared a draft a resource book for SDGs based Medium Term Expenditure Framework for the local governments. The resources book will contribute to increase financing for SDGs by local governments and allocation of more resources for high SDGs impact projects. The JP will pilot this resource book in 14 local governments and coordinate with PLGSP for its application in all local governments.

Monitoring & Review: The JP just initiated the development of a manual for SDGs tagging/coding of local government budget. This manual will guide local government for SDG coding of their budget and also tracking the expenditure of their budget on SDGs. The JP will pilot this manual in 14 local governments and coordinate with PLGSP for its application in all local governments.

Governance & Coordination: NA

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

The JP will maintain flexibility to ensure that the priorities for financing the SDGs are in line with Governments’ sectoral relief and recovery programmes in response to COVID-19, where applicable.

How did the JP apply the Gender Marker

With the analysis of global best practices of MTEF integrating gender, the draft compendium is a critical tool to ensure mainstreaming of gender equality and women empowerment in the fiscal tool that the local government will

be implementing. This is directly in compliance with SDG 5.c to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

Estimated % of overall disbursed funds spend on gender: 20%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

Since the implementation started in last quarter, this is not applicable.

How did the JP work to build ownership and buy-in of key stakeholders

The JP is working to strengthening the SDGs based MTEF, SDGs budgeting and Revenue Improvement Action Plan (RIAP) for SDGs financing of local governments in close coordination with MoFAGA and pilot LGs. These documents will be published jointly with the government for ownership and buy-in of governments. Development of SDGs based MTEF, budget coding and RIAP of the 14 local governments will be done in close coordination and partnership which will build LGs capacity.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

In the reporting period, no substantial activity has been made to contribute to SDG's priority themes. However, the JP will specifically contribute to SDG 5.c, 17.1 and 17.9 during the programme period.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

Please see annex file

Progress against JP-specific outcomes

Please see annex file

Progress against JP-specific outputs

Please see annex file

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

At country level, the alignment with PLGSP has enabled for better coordination and synergy among UN agencies on SDGs financing agenda.

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

PUNOs had series of consultations with national and sub-national governments in finalizing JP document. The JP is expected to work with various stakeholder during the implementation in 2022.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	No	No

Comments on additional financing secured: PUNOs had series of consultations with national and sub-national governments in finalizing JP document. The JP is expected to work with various stakeholder during the implementation in 2022.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
No	No	No

Number of strategic documents produced by the JP: 0

Number of strategic documents contributed by the JP: 0

Number of communication materials produced: 1

2022 Plans & Way Forward

JP priority activities & expected results for 2022

Output 1.1. SDGs based MTEF Preparation and SDG based Project Selection

- Finalize the SDG based MTEF resource book for the local governments • Finalize the documentation of global best practices/case studies for gender analysis of MTEF • Technical support to mainstream gender in MTEF tools and processes
- Train local government officials on MTEF preparation • Train local government officials for mainstreaming gender in SDG based MTEF with leave no one behind (LNOB) principle • Provide technical assistance to prepare SDGs based MTEF of 7 provinces and 14 sample local governments • Provide technical assistance to prepare SDGs voluntary local review (VLR) report of 14 sample local governments
- Organize dialogue platform with women groups at the national and sub-national levels

Output 1.2 SDG Budget Coding, Public Expenditure Tracking, and Revenue Improvement

- SDG Budget coding manual • Prepare SDGs budget coding guidelines for local governments • Develop supplementary technical paper on aligning GRB with SDG budget coding -based on lesson learned from the national and sub-national level
- Train local government officials on SDG budget coding in annual budget, MTEF, and periodic development plans

3 major transformative results that will be achieved by the end of the JP

- i) SDG based, gender responsive MTEF for the local governments institutionalized in 14 pilot LGs
- ii) SDG budget coding institutionalized in 14 pilot LGs
- iii) Improved Revenue Improvement Action Plans prepared to increase LG own sources of revenues

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Emerging (1-49%)	Emerging (1-49%)	Emerging (1-49%)