

Technical Review Meeting
Nepal Public Financial Management
Multi-Donor Trust Fund
Thursday, April 23, 2015 at the World Bank Office
Meeting Minutes

The meeting was chaired by Manoj Jain, Program Manager for Nepal MDTF PFM who welcomed the government counterparts and development partners (DPs) to the third technical review meeting. List of participants is attached.

Agenda

1. Review the minutes of the previous technical meeting (attached) – Manoj
The technical review committee concurred to the minutes of the previous meeting held on.
2. Formulation of Second phase PFM Reform Strategy/Action plan (methodology and plan) – Brief presentation by Budget Division and PEFA Secretariat

Baburam Subedi, Member Secretary of the PEFA Secretariat, presented the strategy for preparation of the PFM reform action plan. A working committee was formed that comprised of planning chief of MoF, NPC, PPMO, OAG and key line ministries and headed by the PEFA coordinator.

He highlighted the changes in the PEFA indicators in the past six years. He also mentioned that this version of the action plan is elementary and needs wider consultations from stakeholders. He informed that there would be six thematic group meetings conducted where DPs and experts will be invited. These meetings will be held starting from the third and fourth week of April.

Going forward, it was agreed that the PFM reform plan would look at past achievements and areas that need more priority. It was also discussed that there is a need for a more pragmatic approach that would consider counterpart capacity, address capacity constraints and changes that need to be made at the policy and system level.

The MDTF annual plan will be based on the PFM reform plan.

Agreed Action (AA):

- An international expert who was also involved in the PEFA assessment will be hired to work on the plan
- PEFA Secretariat to request Finance Secretary to present the reform plan in the PCC.

Presentation is attached.

3. Status update on:

a) Finalization of the PEFA report

Roshan informed that the PEFA report has been finalized and that MoF is preparing the acknowledgement section. He recommended that GoN prepare a dissemination plan.

AA:

- MoF will write the acknowledgement section by Sunday April 26
- PEFA Secretariat to coordinate with MoF Budget Division to issue a letter and forward the final report to WB
- Roshan will coordinate with GoN for their direction on the policy recommendations (as a separate note). He will inform DPs on the update and if needed, hold a separate discussion
 - Discussion will be held on strategic level issues after the PFM reform plan is finalized

b) Processing of OAG restructuring

Manoj informed that the Grant Agreement had been sent to MoF for countersignature on March 9. WB will follow up on the countersignature or issue another letter in the case of any further delays. The extension is for up to June 2016. Plans will be in place to continue support to this project.

c) Processing of the new SCSO project

Keith informed the group that project will be extended till December 2016. An operations manual will also be developed with OAG on greater citizens engagement. He mentioned that there were delays due to the signing of legal amendments with donors and now the MDTF team is seeking for internal clearances. The sub-project will be activation once the MDTF has been extended.

AA:

- Share the project paper of SCSOs

d) Processing of AF to SPFM (Manoj)

- Manoj informed that SPFM Concept note package along with decision review matrix has already been submitted to CMU for their clearance. Monday-send it to everyone. It is being approved by CMU. It was also agreed that this AF will not require another approval by PCC as the concept note package has already been through a virtual review. This is in line with the Operations Manual.
- Final concept note with consolidated comments and decision matrix will be sent to DPs

e) Processing of extension of MDTF:

- He informed that all amendments to Admin Agreements have finally been signed between DPs and WB. MDTF will get extended to Jan 2018. He confirmed that MDTF team has been following up internally to make this task a priority.

AA:

- MDTF program management will follow up on the extension and make it happen at the earliest. Program management will also inform DPs on the status of extension.

4. Review of sections of operations manual related to technical review meeting (attached)

- DPs suggested that it GoN and experts in PFM be invited to the technical review meetings. DPs also suggested that the frequency of the technical review meetings should be once in two months (twice in between PCC). Manoj informed that this is the third technical review meeting and the frequency till date is aligned with the suggestion.
- It was also agreed that the clause on PFM thematic group will be removed from the Operations Manual.

- DPs also mentioned that meetings with Fily should only be done on a demand basis and not on a regular basis.

5. Agree on the date and agenda for the PCC meeting.

- MDTF team suggested that the next PCC meeting be held after 5 pm to ensure the participation of the TTL of demand side sub-project, Luiza Nora. DPs proposed that afternoons are more suitable for PCC meetings instead of evenings.
- It was agreed that the PCC meeting will either be held on the afternoon of May 11 or May 15.
- PCC will discuss on: PFM reform strategy; Status of sub-project restructuring/additional financing/Phase II and approval of Revised version of the Operations Manual

AOB

1. Shambhu Prasad Uprety, Senior Procurement Specialist briefed on the proposed procurement improvement sub-project to be financed under MDTF. His presentation covered procurement context, rationale and challenges. This project has been proposed to be implemented in two phases: USD 4 million and USD 6 million. Major components of the project would be:
 - a) Strengthening PPMO/ Reinforcing integrity, furthering policy reforms
 - b) Procurement management improvement, capacity building/professional behavior change
 - c) Procurement performance monitoring, implementing open contracting.

AA:

- Procurement team will share a brief project note to be circulated among the DPs in the following week (by April end).
 - More detailed presentation on the proposed sub project will be done during the next technical review meeting.
 - This would be briefly presented on PCC for way forward/DPs endorsement
2. EU mentioned the possibility of providing additional funding to MDTF.
 3. GoN will be submitting a proposal for Internal Audit system reform, which will be further discussed during the next technical review meeting.

AA: Once the date of the PCC has been finalized, the date for the technical review meeting will be confirmed.