

Technical Review Meeting
Nepal Public Financial Management
Multi Donor Trust Fund
Wednesday, August 26, 2015 at WB Office
Minutes of the Meeting

1. The meeting was chaired by Mr. Manoj Jain, Program Manager for Nepal MDTF PFM who was connected through VC in Delhi office. Opening the meeting, Manoj welcomed all participants (list attached) to the fifth technical review meeting with brief self-introduction of the participants.
2. Zafrul made a brief presentation on the revised concept of the proposed **Nepal: Public Procurement Improvement Project for PPMO-Nepal**. His presentation focused on procurement in today's context, rationale for involvement, overall project objectives, project components, implementation arrangements, key project results and indicators, cost associated with two phases of the project, implementation challenges, associated risks and proposed mitigation measures. He also shared success story of public procurement reform in Bangladesh through such kind of a project intervention. He clarified that the revised concept paper addresses the comments provided by the donors in the 4th technical review meeting held on July 8, 2015 (Comments received and team responses are attached).
3. Mr. Shambhu Prasad Uprety, Sr. Procurement Specialist presented a fact sheet on current status of Public Procurement Act (PPA) and Regulations (PPR) in Nepal. PPR has undergone through three rounds of amendments, and GoN is currently in process of making 1st amendment to the PPA through a bill. ADB and WB are jointly working on providing advice to GoN to retain good features of the Act and in dropping the (proposed) provisions that depart from best public procurement practices. In this regard joint communication of ADB and WB (letters dated Feb 27 and Aug 12, 2015) to GoN/MoF were discussed.
4. The following comments were received on the presentation from development partners:
 - The proposed procurement reform project is timely and important as it is one of the weak link contributing to the success of Public Financial Management (PFM) progress. The major area of concern is that the public procurement has a direct bearing on the policy level as well as affecting donor programs being implemented in difficult terrain/conditions. It was acknowledged that the Workforce Study presents a strong case for entering into the reform of public procurement in Nepal
 - The revised proposal is substantially improved compared with the previous one, however, as the proposed project was presented in the form of a preliminary proposal, clarity during further preparation will be desirable :
 - (i) Need for developing Results framework with monitorable indicators with attribution;

- (ii) Mitigation of the identified risks (especially political risk) ;
 - (iii) Full details on Budget and work plan
 - Effects of proposed federal structure on project design/implementation
 - How to ensure sustainability?
 - Strategy to deal with incorporating the comments in the PPA.
 - Engagement with demand side actors (CSOs, NGOs) in the project design?
 - Clarity on the capacity of Nepal Administrative Staff College
5. Team clarified that
- (i) Most suggestions/comments raised are related to further details of the project and will be addressed at the time of preparing the Project Concept Note.
 - (ii) Contacts are being maintained with all stakeholders (incl. accountability/ regulatory institutions) to develop a coordinated thinking in this area. WB, ADB and other donors will also closely collaborate to ensure unison in providing advice to GoN.
 - (iii) As regards sustainability of the capacity building program, Inherent weaknesses of the local institute (NASC), is acknowledged and budget for institutional capacity of NASC has been included in the project. Its active involvement will ensure that appropriate knowledge and communications are built within NASC and disseminated for longer term sustainability of the government's effort.
 - (iv) Possible federalism in the country and its impact will be taken into account during detailed design of the project; and to build the capacity at the lowest level which can then be realigned depending upon which model will be chosen for enacting a federal structure.
 - (v) The risk analysis will be further strengthened and included in PCN.
6. The delegate from Australian Embassy expressed their desire to additionally pledge AUS \$ 2.5 million in the PFM MDTF basket subject to receiving a detailed PFM work strategy/plan for the next phase for endorsement by their senior management. Several other delegates expressed similar desire to continue funding for next phase, and requested for the next phase strategy to be prepared at the earliest. It was agreed that this aspect will be further elaborated during the ensuing PCC meeting and simultaneously the team was requested to start preparing a PCN for the sub-project which will address most of the above comments/suggestions.
7. **Manoj concluded the meeting** with thanks to MDTF donor partners for their active participation in the discussion and for their excellent/important comments/suggestions which will help improve the project design and its interventions.

Agreed Actions:

- Further discussion at the ensuing PCC meeting on August 31st.
- Initiating preparation of a PCN for procurement sub-project that will incorporate comments received from this meeting

Enclosure: all Presentations made at the meeting/ attendance sheet