Nepal Public Financial Management (PFM) Thematic Working Group Meeting
Wednesday, May 3, 2017 at the DFID Office

The meeting was chaired by Dharana, DFID and Franck, World Bank. The last PFM TWG meeting was held on June 24, 2016. The objective of the PFM TWG meeting is to share knowledge in the area of PFM and harmonize donors support for PFM in Nepal. This particular meeting was focused on IFMIS and was a good opportunity to see coherence of IFMIS work. Our GoN partners from PEFA Sec and MoF along with various donors (ADB, WB and USAID) presented on IFMIS followed by open floor discussions. A brief presentation on the ADB supported electronic government procurement system (e-GP) was also done. Mr. Cem Dener, global governance specialist from the world bank team was also present in this meeting.

*The list of attendants is in the Attachment.

Agenda

1. **Presentation on MARS (Municipal Administration Revenue System)**
    (http://mars.kathmandu.gov.np/)

MARS is being piloted in Kathmandu Metropolitan City (KMC). MARS developers (Solutions Inc) did the presentation. MARS development was supported through Strengthening Public Management Program (SPMP) that was administered by ADB and funded by ADB and DFID (with a TA component also supported by ADB, DFID and EU). The developers started developing this in Feb 2015 and launched this in October 2016. Out of the 32 wards in KMC 27 are currently using MARS. The system is composed of nine main modules: Financial Management System (FMS), Budgeting Monitoring and Planning System (BMPS), Revenue Management System (RMS), Citizens Interface System (CIS), Human Resources Management System (HRMS), Fixed Asset Accounting (FAA), Office Management System (OMS), Decision Support System (DSS) and MIS Reports.

2. **Presentation on electronic government procurement system (e-GP)**

This was pilot tested in five major departments over a nine-month period. Government of Nepal (GoN) rolled out across the country in Jan 2017 and is fully owned by PPMO (Project procurement monitoring office). Their server is maintained in Government Integrated Data Centre (GIDC). Every contract beyond 6 million Nepalese Rupees must go through this system as per the new amendment to Public Procurement Regulations (2073). This was also supported through SPMP program (DFID and ADB support)

3. Presentation on IFMIS by USAID

- This presentation highlighted the key findings of the PFM assessments such as lack of ICT governance framework in GoN. Lack of unified/consistent chart of accounts across central and subnational level governments. It also pointed out that systems like Line Ministry Budget information system (LMBIS) is not serving as management tools and focused on the fragmented software systems. In the end, they expressed their interest in harmonizing and holding further discussions with ADB on MARS and e-GP. The USAID is working on possible improvements in LMBIS and ICT infrastructure at the moment.

4. Presentation by PEFA Sec

Murari ji discussed the need and issue of integration of the various fragmented software systems. Financial Comptroller General office (FCGO), GoN body which is entrusted with the responsibility of overall GoN finance and processing is the right organization to lead this. He also mentioned that FCGO has already carried out few inception work in order to move ahead with the integration. The FCGO is working on the modernization and integration of existing PFM information systems. One of the PFM strategy actions is focused on the integration of PFM systems for transition to IFMIS including federal and sub-national systems. In this context, system and service delivery mechanisms should to be redefined for improving overall fiscal governance.

5. Presentation by World Bank

The Bank team presented the trends in transition to Integrated Financial Management Information Systems (IFMIS) and several country cases related to the rollout of PFM information systems to districts. The meeting was completed with a Q&A session where participants were able to share their challenges and ideas for possible solutions regarding the rollout of CGAS and integration of PFM systems.

 * all presentations are attached to this minutes.

6. AOB

- DFID gave an update that there was a request from the ex- Secretary of the MoFALD to help set up accounting and reporting mechanism in the 744 local GoN bodies – with due consideration to MARS. DFID had reached out to FCGO, PEFA Secretariat and Ministry of Finance with the concept of forming a steering committee of major central agencies for effective ownership of the process. This would also ensure that other pre-requisites, such as Chart of accounts would be completed on time to be integrated into budget and reporting. However, due to transfer of the Secretary at MoFALD, and other shifting priorities of the

government (elections, pressure to release budget etc), the idea of forming steering committee has not moved ahead.

- Update PFM TWG contact list
- Update donor mapping

7. Agreed Actions:

- Meet at least every quarter, and more frequently if needed.
- A need for joint (DPs and government) working group on IFMIS was recognized and participants agreed to communicate further to come up with the best suitable model.
- Among the priorities of this group would be to perform the inventory of IT government systems as well as an evaluation of the cost of IT as reflected in GoN's budget.