

Technical Meeting with MDTF DPs

June 28, Thursday

Meeting Minutes

Agenda:

Franck started the meeting by announcing the successful negotiation and signing of the Integrated Public Financial Management Reform Project (IPFMRP) on June 18. Mr. Shreeram Nepal, IECCD Head, led the government delegation while Franck headed the WB delegation. As much as it is encouraging to note the start of the project, we cannot undermine the challenges in implementation and coordination. Exit of key people in GoN side remains a key hurdle. However, stability in both PPMO and OAG offices should help move the project forward quickly. We expect disbursement under the procurement project soon. The next implementation supervision mission might take place around September or a bit later. All members in the meeting were happy to note this.

1. **May field visit: lessons learned and possible follow-up visit**

The team expressed that it was both encouraging and worrying to visit the Karnali Province and Nepalgunj. It was encouraging because, the Provincial GoNs were moving ahead and working with whatever resources are available to them. It was also worrying because there was no clear guidance to them on resources that they were receiving. They were working under many constraints and in Karnali province their own-revenue generation is very minimal. Also fund transfer from the Federal GoN was less than 20 % than the previous years. There was no explanation as to why and on what basis this happened. Also, issue of internal control was highly visible. For example, the external audit reports were produced but it remained unclear how recommendations would be followed upon. A component under IPFMRP project hopes to address this issue. Also, it was discussed to have a sharing with ADB on their Internal control guideline which was produced some time ago. Also, the next possible follow up visit will be planned for September.

2. **Gender and Citizen Engagement under the PFM MDTF**

The WB now has three mandatory corporate agendas **a. gender, b. Climate Screening and c. Citizen engagement** angles that all projects needs to comply with. Caroline Mary Sage, Senior Social Development Specialist attended the meeting from WB side to explain to the members how IPFMRP had tackled this in the project. It was however pointed out that this is a small vehicle to address the Gender issue at large and that this is something that would be addressed at the wider portfolio level. If there is more resources available in future then better results can be achieved.

3. **Joint retreat with government. Dates (August/September?) and topics (IPFMRP implementation and additional financing)**

Franck shared the idea that we plan to have soon a brainstorming session together with the GoN as we start the implementation of IPFMRP. We will also take this opportunity to discuss the idea of a possible Additional Financing (attached) which was discusses in the last PCC meeting. This

joint retreat will be organized after discussion with PEFA Secretariat around August or September. Sutra was also discussed intensively and it was agreed that we all need to move in a coordinated manner to encourage the GoN to use SUTRA nationwide. Dharana also proposed from DFID side to organize a demystifying session for all partners to further clear their understanding in SUTRA.

4. AOB:

- a. **PCC Date:** will be held possibly around end-September.
- b. **Additional Financing:** DFID expressed that they have additional 2 million USD, upon assessment and if there is a demonstrated need. Norway also expressed that since SNGP is now delayed they are willing to commit more funds to MDTF if a need arises. DFAT is working in their internal process to materialize more commitment to MDTF. Swiss has also requested for costing of future undertakings to commit their funds.
- c. **Value for Money (VFM):** DFID interaction with GoN on this is remaining. From the WB side it was agreed that in implementation support missions, WB will be available to DFID to discuss this. In addition to this, now that the IPFMRP project exists, WB will communicate to the DPs more often with updates.