



**Global Solicitation and
Challenge Prize on Best
Poverty Reduction Practices -
*Launching Event***

*Beijing, China
16 October 2019*

**NEPAL: Poverty Reduction
Through Improved Governance**

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Asian Development Bank*

Nepal: Some Facts

Landlocked – India (East, West, South); China (North)

Area: 147,181 Sq. Km area

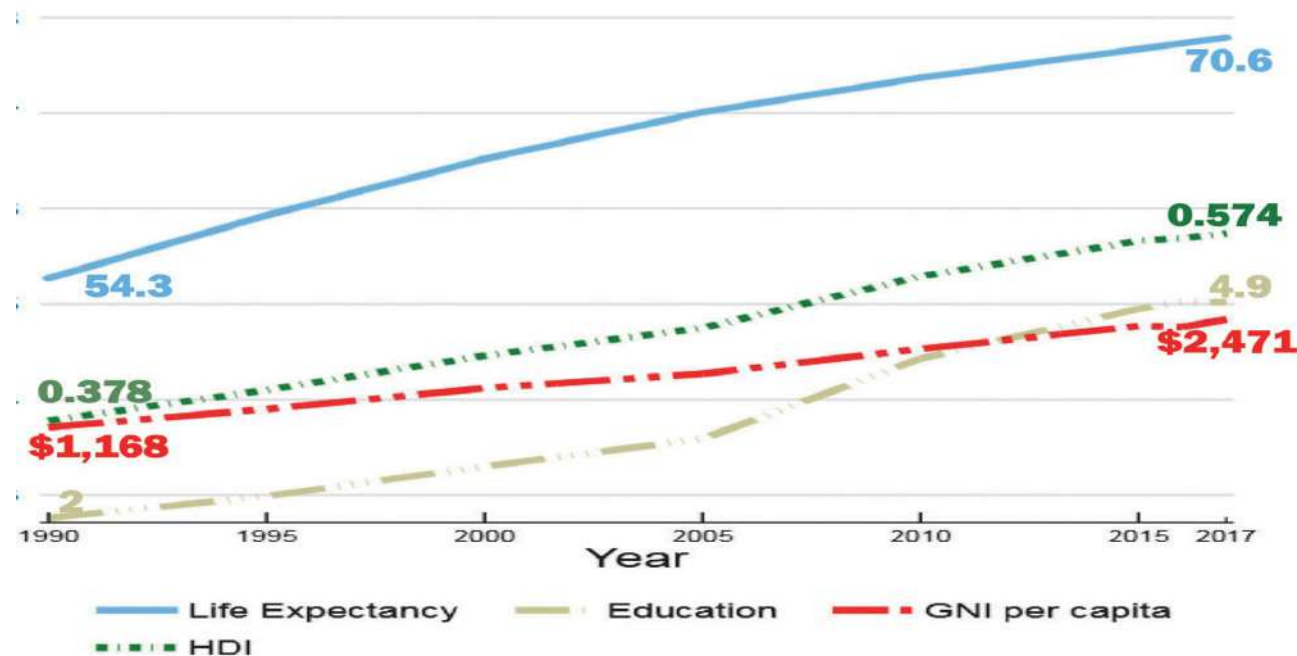
Population: 28.4 million (1.4% annual change) (2016)

Topography: Mountain, Hills, Plain; *Lowest 60 m, highest 8848*

GDP: US\$24 billion

HDI: 149/189; 0.574 score (2017)

Poverty: 28.7% (2015)



A Major Political Transformation.....

1961 - 1990
Absolute Monarchy

1846 – 1951:
Rana Dynasty
1951-1960: First
Democracy

1991
**Multiparty
Democracy**

2017
**Elected
government
Federal
Democratic
Republic**

2015: Trade embargo

2015
New Constitution

2015: Earthquakes

1996-2006
Armed Conflict

2001: Royal
Massacre
2005: Royal Coup

2008-2015
**Constituent
Assemblies x 2**

2008-2012: 1st Constituent
Assembly (CA)
2013-2015: 2nd CA

2006
Peace Agreement

Strengthening Public Management Program in Nepal

PROGRAM AT A GLANCE

Approved	26 September 2012
Closed	6 April 2017
Approved cost	<p>\$27.95 million</p> <ul style="list-style-type: none">• Asian Development Bank: \$21 million (Asian Development Fund grant)• Department for International Development of the United Kingdom: \$4 million• European Union: \$2.95 million
Executing agency	Ministry of Finance
Implementing agencies	<ul style="list-style-type: none">• Ministry of Federal Affairs and General Administration (formerly Ministry of Federal Affairs and Local Development)• Public Procurement Monitoring Office, and• National Vigilance Centre



An aerial photograph of the Himalayas in Nepal, South Asia. The image shows a vast range of mountains, with several prominent peaks covered in snow. The foreground is dominated by a dense, undulating sea of white clouds that fills the valley. The sky above is a clear, deep blue, with a few wispy white clouds scattered across it. The overall scene is majestic and serene, capturing the grandeur of the mountain range.

Nepal, South Asia

Development Context When SPMP was Designed (2012)



- ❖ Political Instability/ Constituent Assemblies
 - ❖ High Poverty
 - ❖ Inadequate Development Funding
- ❖ Poor Participation/Engagement of Citizens in Local Development
 - ❖ Social Issues

Poor Governance and Local Public Institutions

- Poor planning & resource management
 - Poor PFM & high fiduciary risks
 - Inadequate policies and guidelines

High Procurement Risks (collusion, intimidation)

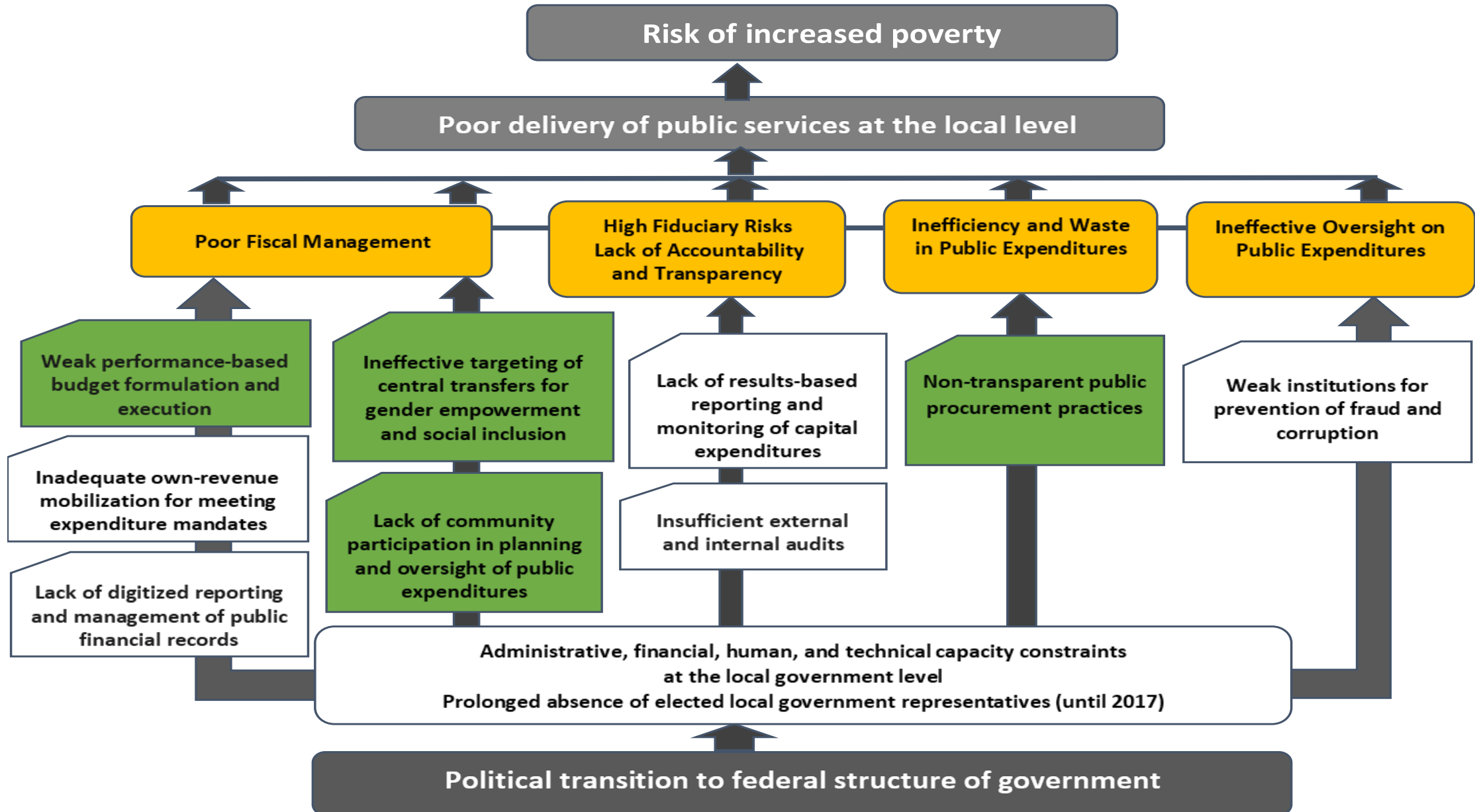
Weak accountability (absence of locally elected officials)

Poor Public Service Delivery



Problem Tree Analysis

Green colored boxes refer to the PFM and governance related challenges with the highest relevance to poverty alleviation, which were targeted under the Strengthening Public Management Program



How SPMP Contributed to Improved Governance and thereby Poverty Reduction?

Improving Demand Side Governance

- ❑ Continued engagement of Ward Citizen Forums (WCFs) & Citizen Awareness Centers (CACs) - > 1 million people from vulnerable communities participated in local development planning and governance
- ❑ Livelihood improvement grants (through CACs) - 14,000 people benefited
- ❑ Small infrastructure grants - 9,000 projects were financed
- ❑ Skill building & training programs

Citizens' participation in local planning & governance through community forums

Sustainable & innovative use of livelihood grants & positive social change

Empowered citizens & improved public accountability

Improved livelihoods & poverty reduction, particularly of women & disadvantaged groups



How SPMP Contributed to Improved Governance & thereby Poverty Reduction?

Enhancing Supply Side Governance

Local PFM & Institutional Reforms

- ❑ **Policies and Guidelines** – e.g. earmarking funds for gender and disadvantaged groups, integrated property tax
- ❑ **Implementation of PFM improvement systems and processes** – e.g. mid-term budget framework, piloting of IT-based system, fiduciary risk reduction plan, diagnostic studies
- ❑ **Development and implementation of E-government procurement (e-GP) system**
- ❑ **Capacity development** – e.g. training programs, institutional development of National Vigilance Center



Improved PFM system, reduced fiscal risks, & better utilization of financial resources

Enhanced institutional capacity

Inclusive & improved public service delivery contributing to Poverty Reduction



Lessons Learned



Strengthening local governments through policies, guidelines, system upgradation, and capacity development, is critical for improved and inclusive public service delivery



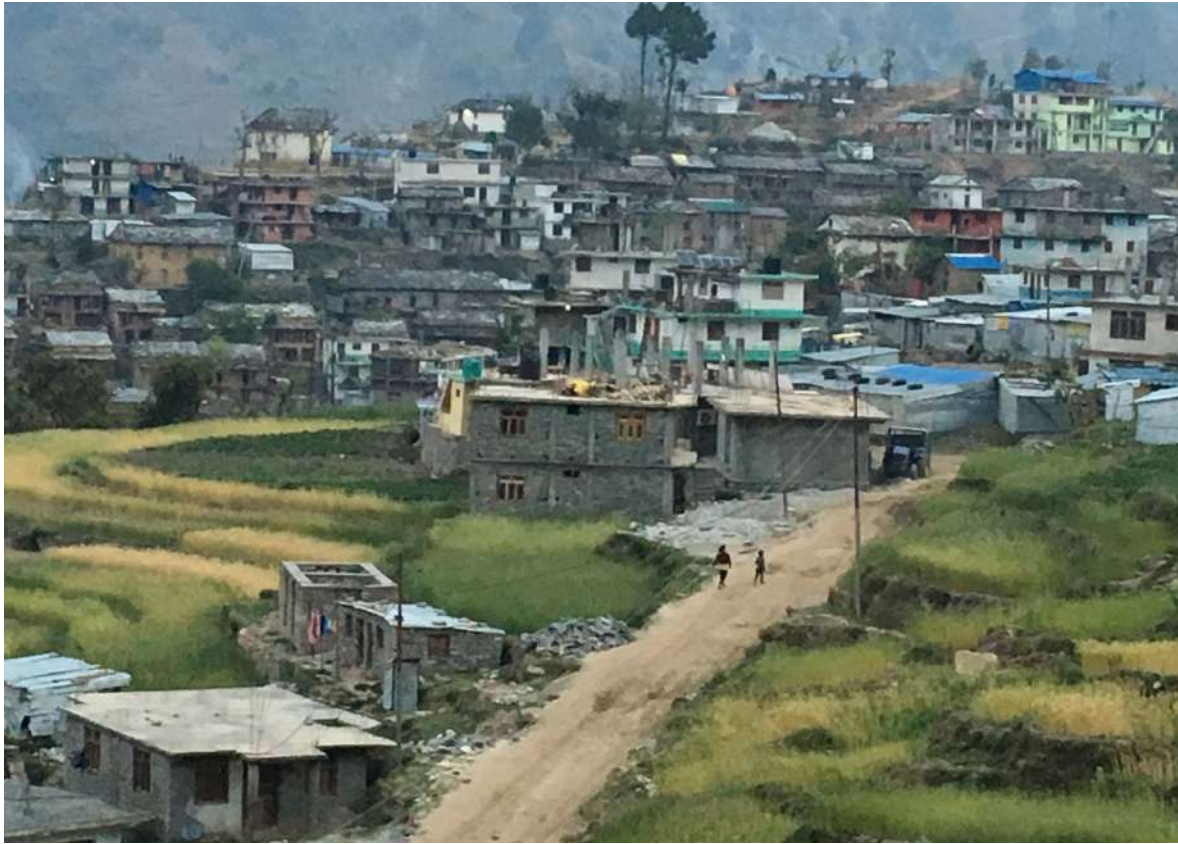
PFM & Procurement reforms backed by digitization constitute key building blocks of institutional strengthening, and are critical for reducing fiduciary risks



Effective communication and coordination among government, development partners, and civil society is important to develop strong ownership of reforms.



Citizen Forums are instrumental in (a) facilitating citizen participation in local planning and decision making, (b) ensuring effective utilization of local resources, and (c) holding public officials accountable



THANK YOU VERY MUCH.
