

Formalization of MuAN in the New Federal Structure of Government to support Local Governance in Nepal

Final Report

(Part –2)

The Proceeding of the Sixth General Assembly of Municipality Association of Nepal

28-30 August, 2018

Rastriya Savagriha, Kathmandu



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Acronyms

ADCCN:	Association of District Coordination Committee
AEPC:	Alternative Energy Promotion Center
DCC:	District Coordination Committee
DDC:	District Development Committee
DM:	Deputy Mayor
DPs:	Development Partners
GA:	General Assembly
GoN:	Government of Nepal
LG (s):	Local Government (s)
MoFAGA:	Ministry of Federal Affairs and General Administration
MuAN:	Municipal Association of Nepal
NNRFC:	National Natural Resources and Fiscal Commission
RBN:	Road Board Nepal
Rt.:	Right
TDF:	Town Development Fund

1. Background

The Municipal Association of Nepal (MuAN) was established in 1994 and formally registered as under National Directive Act 1961 in 1999 with the then cabinet decision. It is an umbrella organization of all the municipalities (metropolitan, sub-metropolitan and municipality). The first General Assembly (GA) of MuAN was held in 1996 and the fifth General Assembly was held in 2002. After the completion of the tenure of elected representatives in July 2003 and the assembly could not hold in the absence of elected constituency. MuAN elected by its fifth GA continued its functions as provisioned in its charter.

After the restructuring of local level and the local elections in 2017, a coordination committee was formed by the meeting of representatives of municipalities as interim arrangement mainly to organize its sixth General Assembly. The committee decided to held its GA in 28-30, August 2018 in Kathmandu.

Currently, MuAN has 293 member municipalities (six metropolitans, 11 sub-metropolitans and 276 municipalities) in Nepal. Its vision, mission, goal and objectives are as following:

Vision: Making cities autonomous prosperous and self-reliant.

Mission: MuAN for Municipalities

Goal: Promoting urban governance by ensuring power and enhancing capabilities of municipal governments.

Objectives:

- To lobby and advocate for ensuring autonomous local government,
- To develop MuAN as a pioneer institution for the promotion of urban governance,
- To develop municipal governments as capable and strong institutions to provide urban services effectively,
- To make municipal governments transparent, responsive, accountable and inclusive,
- To develop MuAN as a common platform for enhancing the expertise of urban professionals.

MuAN has broadly four working areas to carry on its objectives; 1) Advocacy and Lobby, 2) Information and Networking, 3) technical and Professional services and 4) Institutional development.

The General Assembly was participated by all the member municipalities represented by Mayors and Deputy Mayors and the programme was organized as following (name list of Mayors and Deputy Mayors in annex 1):

- Inaugural Session,
- Closed sessions
- Election of Executive Board and
- Concluding Session

2. Inaugural Session(28th August, 2018, City hall, Kathmandu)

The inaugural session was held in City Hall of Kathmandu in an orderly, smooth and decent way. In addition to its members, a large number of participants from government ministries, political party leaders, civil society organizations, development partners were present in the programme. The program was inaugurated and delivered an inaugural speech by Rt. Honourable Prime Minister Mr. K P Sharma Oli. Other speakers were Honourable Chief Minister of Province 3 Mr. Dor Mani Poudel, Mr. Bimalendra Nidhi, Deputy President of Nepali Congress and ex deputy prime minister, Honourable Minister of province 3 and representative of Rastriya Janata Party Mr. Jitendra Sonal, Mr. Bidhya Sundar Shakya, Mayor of Kathmandu Metropolitan City, Ms Shanti Sundas, Chairperson of Association of District Coordination Committees of Nepal, Mr. Hum Narayan Shrestha, Chairperson of National Association of Village Municipalities in Nepal. Mr. Ashok Kumar Bhanju Shrestha, the Coordinator of MuAN had delivered the opening remarks and welcome speech. Mr. Kalanidhi Devkota, Executive Secretary of MuAN had highlighted on the achievements of MuAN in past years in the programme.

2.1 Inaugural Speech: Mr. K P Sharma Oli, Rt. Honourable Prime Minister of Nepal.

Rt. Honourable prime minister, expressing his best wishes for the success of 6th general assembly of MuAN opined that the MuAN would work with added energy gained from this assembly with its stated goal and objectives and will be able to address the challenges faced by the municipalities. He appreciated the roles of LG Associations in the past as well in establishing democratic local governance in Nepal. He told that municipalities have to do in many areas and have to contribute in the slogan of happy Nepali and prosperous Nepal. Nepal has a proud history of civilization recognized in the world but was derailed in due course of time. Nepal has diversity in every aspect; geography, language, culture, religion, nature, wildlife, minerals and appreciating and balancing these diversities, Nepal could move toward prosperity.

The Prime Minister expressed that Nepal and Nepalese people have struggled many times and have been able to establish a federal republic state. Nepal is new to federal governance and has to move ahead through learning by doing. He told that to strengthen the system established by the constitution, we need to work expediently. In this endeavour, all have responsibilities for modernization of Nepal and municipalities can play a pioneer role. Indicating towards the ongoing rumour about the tax at local level, he told that some regressive elements are active to defame various spheres of government and want to see failure of federalism. The local government should also review their weaknesses yet it is a matter of satisfaction that all LGs are active in delivering their functions. He also asked municipalities to review the tax rates seriously and cautiously.

The Prime Minister shared that the federal government has to make so many Acts in time mandated by constitution. It has to prepare several model laws for Provinces and LGs. The GoN is heavily engaged in fulfilment of staffs required at local level through civil staff adjustment and most of the tasks have been completed. He assured that the government would work shortly on 16 points issues and complaints put forwarded by MuAN and address the viable issues as soon as possible.

The Prime Minister urged all municipalities to work towards integrated settlement planning, Janata Awas, agriculture modernization, investing in productive, employment oriented projects, enhancing productivity, promoting export oriented production, cash crops, cooperative development etc. He expressed that all spheres of government to discard nepotism and favourism in delivering services and in other functions. The elected representatives should also review own effectiveness in prompt service delivery.

He expressed that GoN is fully committed to capacitate LGs obeying the constitutional powers of LGs for effective implementation of federalism in the country. He also informed assembly about the upcoming meeting of BIMISTEC and its major agenda being held from next day. Finally, he expressed his happiness to share his thoughts in the august gathering and reiterated his best wishes for the success of the assembly.

Mr. Ashok K Byanju Shrestha, Coordinator, MuAN warmly welcome guests and participants of the General Assembly. In his welcome speech, mentioned that the LG election of last year is the milestone for effective local government. Pointing towards the challenges of LGs, inadequate local staff, weak administration, delay in staff adjustment by federal government, some confusion of overlapping of functions among spheres of government, he hoped that the Prime Minister would take the 16 points demand of MuAN seriously for effective local governments to function smoothly and to strengthen financial autonomy. He also aspired that the spheres of government would function with the principles of cooperation, coordination and co-existence.

He told that there is huge need of investment in infrastructures of municipalities but limited resources to fulfil the aspirations of people. He requested development partners to work with municipalities to address the needs of people. He also opined that the prosperity would start from cities and MuAN is committed towards this mission along with the municipalities and Village Municipalities.

2.2 Mr. Dor Mani Poudel, Honourable Chief Minister, Province 3.

Mr. Dor Mani Poudel, honourable Chief Minister, speaking as special guest, shared that the newly established provinces have inadequate infrastructures, financial resources, staff required to function as province government. He called all LGs to work cautiously to strengthen federalism and answer to fake rumour of failure of governments in functioning. He expressed that we should not dwell on traditional thinking of development and have to be prepared for modern thinking of development. LGs should objectively plan for result of achieving prosperity of people. We need to work in collaboration and cooperation among governments. We need to rethink ourselves as GOVERNMENT, and should be able to refuse strongly the directives of bureaucratic channels that is appearing now and again at provinces and LGs. He further told that since provincial laws have to be made in harmony with the federal laws, in the absence of federal laws guiding provinces, there is delay in making provincial laws. Besides, due to conventional mind set and clear policies, the bureaucracy is not much supportive and not willing to work in provinces and in local level.

Sharing the history of MuAN, he urged LG Associations to pressurize collectively for forming province level public service commission, Natural Resource and Fiscal Commission so as to solve staff and financial issues. He also complained that Local Government Operation Act, 2017 did not recognize the LG Associations and urged to incorporate in the Act so as to make them a legitimate organization.

He expressed doubt over dispute of Mayors and Deputy Mayors in some LGs that needs to sort out with clarity of powers of them. Appropriate organization and Management has to carry out to define roles of representatives and staff as soon as possible. Provincial Coordination Committee's role has to be further enhanced to solve such issues.

Finally, declaring being off from the position of Chair of MuAN, he wished the success of MuAN as common platform with full ownership of all members in days to come.

2.3 Mr. Jitendra Sonal, Honourable Minister, Province 3

The minister expressed his best wishes for success of assembly of MuAN. He opined that provinces and local governments should function as government in federalism context. He complained that bureaucracy and polices are not under the control of province government. Stating that along with the prosperity of people, equal attention has to give in the identity and dignity of them creating ownership from all aspect in the constitution. Also he maintained that the federal government should work in the spirit of cooperative federalism.

He urged LG associations to raise the present constraints faced by the LGs and provinces in the absence of federal laws for smooth functioning of them. He supported the issues of determining the appropriate protocol of people's representative.

2.4 Mr. Bimalendra Nidhi, Deputy President of Nepali Congress

Mr Nidhi also wished for success of the General Assembly of MuAN and expressed commitment to support LG Association. Stating that LGs are the next door government of people, they should make powerful to carry out the functions designated by the constitution. He expressed dissatisfaction with federal government in not forming Natural Resource and Fiscal Commission and other federal laws in time, which has created confusion over power sharing and specially in budget allocation and levying taxes at different spheres of government. He opined that in the absence of adequate resource and power, the provinces have been weakened. They should be empowered to recruit and punish the staff of them.

He urged LG officials to emphasize on tax base and coverage instead of increasing rates. Finally, he expressed happiness in formation of inclusive MuAN with participation of all parties those are in LGs.

2.5 Mr. Bidhya Sundar Shrestha, Mayor, Kathmandu Metropolitan city

Mayor Mr. Shrestha expressed that in the absence of federal and provincial laws, there confusion about the understanding about the power sharing among tiers of government. He told that the LGs make their laws as per their specific socio-economic conditions and should expect similar laws in different LGs. He blamed social medias creating humour about the tax rate with the intention of defaming federalism. He requested other LGs to look in this matter and work accordingly.

2.6 Ms. Shanti Sundas, Chairperson of ADCCN

Ms. Shanti Sundas wished success of the general assembly of MuAN and the Mayors and Deputy Mayors in assuming the historical role of LGs that the constitution has provided. She expressed that the formation of LGs is one of the milestones of implementing federalism and felt satisfaction over the laws that are being constructed by LGs. She requested Mayors and Deputy Mayors to consider

development of human resources in addition to physical infrastructures for sustainable development and reflect back the progress and achievements that we planned to do.

2.7 Mr. Hum Narayan Shrestha, Chairperson of NAVIN

Mr. Hum N Shrestha also wished for success of 6th GA of MuAN. He mentioned though the name is different, the legal basis for the Municipality and Village Municipality is the same, and hence MuAN and NAVIN should work hand in hand in empowering LGs with advocacy and lobby. He expressed that the networking and exchange of experience between two types of LG is important for smooth functioning. He expressed dissatisfaction over the policy of revamping the district level government offices in different names creating hurdles to LGs. He drew attention of federal government and all LGs to remove such obstacles.

In the inauguration ceremony, **Mr. Kalanidhi Devkota, Executive Secretary of MuAN** highlighted the historical background of MuAN, various struggles and efforts by then officials in forming the institution. He also summarized the progresses and achievements of MuAN from the very beginning of its establishment, its national and international networks that represents. He urged development partners to support MuAN and municipalities to fulfil their missions. He thanked the Chief Guest, other guests and participants, mayors and deputy mayors making this inaugural ceremony a success.

In the inaugural session, Hon'ble Prime Minister Mr. K P. Oli honoured Mr. Dormani Poudel for his outstanding works in his tenure in the past. He also honoured Deputy Mayor, Ms. Shanti Karki, the eldest representative in Municipality. In the programme, MuAN mobile app was also launched and exhibited.

3. Closed Session: 1

Internal Presentations and Discussion (15:00 18:00 hrs)

The first closed session was assigned for the internal preparations for formation of Executive Committee and to review the history, key achievements of MuAN to date. Mr. Ashok K Byanju Shrestha, the then coordinator of the executive committee had chaired the session. Basically, the following were the agenda of presentation and discussion and soliciting suggestions;

1. Presentation of achievements of MuAN
2. Presentation, discussions and solicit suggestions on the amendment proposal on the charter of MuAN, and
3. Formation of Election Committee and information about the procedure of election.

3.1 Agenda 1: Presentation of Achievements of MuAN

On behalf of the report preparation sub-committee, Mr. Kalanidhi Devkota, Executive Secretary of MuAN presented the brief progress report of the MuAN from its formation to provide information to new member representatives of MuAN. Presenting the past history and its ups and down, the struggle made by the then officials, he highlighted on the three major strategic areas of functioning of MuAN. The three areas are; 1) Advocacy and lobby, 2) Capacity development of member municipalities and institutional development and 3) Networking and representation.

He summarized the efforts of MuAN in enactment of LSGA and LSGR, effective implementation of them, amendments of contradictory prevailing acts with LSGA, pressurizing GoN for local election etc. He informed to the meeting that MuAN had supported then all (58) municipalities in the capacity development of them in various ways. During constitution making processes, MuAN carried various workshops to advocate for incorporation of provisions of local government in constitution. It also supported local government restructuring processes with proposal of local peoples. He mentioned that MuAN has worked with various development partners and agencies to support municipalities even to date in different aspects including urban poverty reduction.

In networks and representations, Mr. Devkota mentioned that it is representing in various committees and boards of GoN like Town Development Fund, Road Board, Solid Waste Management Council, LGCDP to name few. He highlighted on the networks of MuAN in regional and international level like CITYNET, UCLG ASPAC and national level associations in Bangladesh, USA, Italy etc.

Recently, MuAN had conducted interaction programme with member municipalities to orient on the powers of LGs as provisioned in the constitution and prevailing laws. It also conducted interactions with provinces to make clarity on expenditure assignment and revenue assignment of the municipalities. Mr. Devkota also indicated the way forward as to be guided by proposed revised strategic plan incorporating the functions of provincial committee of MuAN.

Mr. Ashok Byanju Shrestha also clarified on recent efforts of the MuAN and highlighted on the achievements in informing GoN and province governments about the contradictory acts, sharing of information through participation at regional and international levels.

With the completion of the presentation, the floor was opened for discussions.

The key issues and queries raised drawing attention of MuAN and municipalities for advocacy and lobby were as following:

1. Quick access to the information of MuAN's activities and networking by member municipalities,
2. GoN proposal of protocol of LG representatives undermining the dignity and harassing elected officials of LGs and also to reorganizing model organogram appreciating the functional role of Deputy Mayors,
3. The recent decision of GoN on revamping the district level offices in different names neglecting and by-passing LGs – a matter of serious concern,
4. The ongoing rumour about the local tax and fees that creating negative messages to people that requiring interactions in large scale and sort out issues, if any,
5. MuAN to provide service in all municipalities and accord priority in capacity building/development of newly established in backward areas,
6. Prompt actions of MuAN in solving contemporary issues,
7. Ensuring the exercise of powers of LGs that are provisioned in constitution and federal laws,
8. Inadequate revenue and budget transfer provisions to LGs in comparison to their functional mandates and meeting expectations of the people,
9. Reviewing unjust budget allocation practice by GoN to mountain and remote districts where cost of development is already high and needs a lot works in infrastructure building,
10. Enlarging linkages with DPs in capacity development of municipalities,

11. Urgent working in inadequate and inefficient staff deputation in LGs and establishment of Province Level Service Commissions as soon as possible,
12. Low and inadequate positions created in new municipalities hampering the functions,
13. Provision for justifiable benefit package to LG representatives and defining the type of passport to them while visiting abroad,
14. Creating enabling environment for LG representatives to work with high morals and added energy,
15. Bringing offices and staff of GoN in LGs purview (Land administration, Survey, Forest, small and cottage industry etc).
16. Provision of facility and benefits to Mayors and Deputy Mayors in considerations with their work load (e.g. vehicle for movement).
17. Urgent issuance of federal laws those having implications to local level.
18. Urgent need to form Natural Resource and Fiscal Commission by GoN,
19. Implementation of very small projects by Province Government undermining the roles of LGs,
20. Provision for reliable security of Municipalities and their representatives,
21. Need timely preparation and dissemination of model laws to municipalities by MuAN,
22. MuAN to take interest and raise voice in cases of by-passing local Judicial Committee by investigation agencies,
23. Addressing and clarifying the negative voices of anti-federalism actors about the local tax practices,
24. MuAN to raise voices to build office infrastructure for effective service delivery as soon as possible,
25. MuAN to avoid partisan politics,
26. MuAN to raise internal income to compensate current expenditure and constructing own office building or ask GoN to hand over its building.

Responding to the queries and issues of participants, Mr. Ashok Byanju Shrestha thanked all for raising pertinent issues of municipalities. He iterated about the letter containing 16 point demands handed over to the Prime Minister about the contemporary issues of LGs. He mentioned that MuAN had only 58 members in the past but gradually increased to 293 and currently focused towards policy aspects for smooth implementation of constitution and Local Government Operation Act. He informed that MuAN had made effort to get office building but GoN remain hesitant. He assured that forth coming Executive Committee will give priority to solve the issues expressed by the participants.

On this session, Mr. Bhim Prasad Dhungana, Coordinator of account sub-committee and Mayor of Nilakantha Municipality, Dhading highlighted on the income and expenditure of MuAN in recent years. Also he informed the house about unpaid membership fees and urged all municipalities pay as soon as possible.

In the session, the issues and queries were raised by the following representatives:

Mr. Hari K Rana Magar, Arjundhara municipality, Rajendra Khanal, Nuwakot, Shalikram Adhikari, Basgadi, Mr. Khagendra Rai, Chaudandi, Udayapur, Mayor Mr. Kul B Kunwar, Sanfebagar, Ms. Darshana, Tilarupa, Kalikot, Mr. Om B Buda, Tripurasundari, Mr. Arjun K Kakshayapati, Pyuthan, Ms.

Kamala Basnet, Bhimeshwor, Dolakha, Mr. Bam Dev Ghimire, Tilottama, Rupandehi, Mr. Ganesh B Chhetri, Madhuban, Bardia, (Representative from Mahottari), Tika from Siddhaganga, Mr Resham Thapa, Golbazar, Siraha, Mr. Jamiruddhin Monsur, Haripur Sarlahi, Ms. Ambika Chalaune, Padam Pani Sharma, Falewas, Parbat, Ms. Sunila Dhakal, Ms. Mohan Maya, Birendranagar, Surkhet, Mr. Indra Raj Poudel, Baglung, Rajan Raj Panta, Gorkha, Ms. Seema Chhetri, Putalibazar, Syangja, Mr. Birendra Khadka, Jayaprithiwi, Ms. Uma Kafle, Seeta Municipality and some others.

3.2 Agenda 2: Presentation, discussions and solicit suggestions on the amendment proposal on the charter of MuAN

Mr. Ashok K Byanju Shrestha presented the main articles of amendment proposal to the floor. It contained number of executive members, working committee, provincial committees, representation of women members, allocation of seats according to provinces, membership fee structure in accordance with their internal revenue among other things.

The frequent issues raised by the participants were:

1. Women representation to increase from minimum to 50 percent as constituent (voters) of the election consist of nearly 50 percent women and key position should also be assigned for women representatives,
2. Election should be based on consensus representing all parties present in municipalities,
3. Representation should be ensured from all provinces in proportional basis,
4. Ward members be represented in at least provincial committee,
5. The charter reflects MuAN like an NGO, so advocacy required to establish it as representative organization of elected governments and enlarging its scope,
6. Province level committee be empowered more to facilitate municipalities,
7. Fee structure be reviewed as there is gap in revenue of municipalities and municipalities having low income be considered to reduce membership fee,
8. Women department may not be required if key positions are shared with women representatives,
9. The objectives of MuAN should be redefined as proposal is very light and weak,
10. The preamble itself is not appropriate and have to be reviewed,
11. The provision of charter should mention effective coordination and cooperation with Village Municipality and its association (NAVIN).
12. Need to mention provision of honorary membership to those city contributing significantly to municipalities of Nepal,
13. Organize languages in places positively,
14. The charter should reflect to establishment of Local Governance Academy.

The representatives those raising issues were:

Ms. Manju Malashi, Dipayal, Mayor, Mr. Man B. GC Pokhara Metropolitan city, Ms. Sushila Bhatta Mishra, Dhangadi, Ms. Laxmi Gautam, Itahari, Mr. Bhim B Deuba, Gauriganga, Mr. Bala Dev Chaudhary, Trijuga, Mr. Bal Krishna Acharya, Dhunibensi, Mr. Mohan Shrestha, Siddhicharan, Okhaldhunga, Ms. Dr. Namita Yadav, Siraha, Ms. Shanta Acharya, Pyuthan, Mr. Uttam Kumar Gautam, Saptakoshi.

In response to the some of the queries, the chair explained that the MuAN is registered in DAO in line with National Directive Act having some hindrances. MuAN would continue its efforts to provision MuAN to mention in Act so as to enlarge its scope and identity. He also told that MuAN is in for of infrastructure bank to finance municipalities and amending provision of loan limit mentioned in federal law to increase from 10 percent of internal income of municipalities.

3.3 Agenda 3: Election Procedure of Executive Committee

The chair informed the floor the name of Election Committee consisting of three advocates (Mr. Surendra Ranjan Singh, Bimal Gyanwali and Rabindra kumar Dhungana) for election purpose. The election committee explained the election procedure for next day.

4. Session 2. Interactions and Panel Discussions (29th August 2018)

Chief Speaker Mr. Lal Babu Pandit, Hon'ble Minister, Federal Affairs and General Administration (MoFAGA), GoN

Panelist Mr. Balananda Poudel, Then Coordinator, Local Level Restructuring Commission

Panelist Mr. Dipendra Nath Sharma, Secretary, Ministry of Housing and Urban Development

Panelist Mr. Mahesh Aryal, Joint Secretary, National Natural Resources and Fiscal Commission Secretariat

Initiating to talk, Hon'ble Minister Mr. Pandit informed the gathering about the initiatives and actions of ministry of MoFAGA. He highlighted the current issues of GoN with regard to Local Level and provincial level. He stated that the GoN is deputing staffs at local level and still some works being done on this matter. He shed light on the laws pertaining to Local Level and some laws being billed in parliament for discussion.

Mr. Balananda Poudel highlighted on the constitutional arrangement and various provisions of Local Level. He shed light on the coordination, co-operation and co-existence of spheres of government. Mr. Poudel elaborated the functional mandates, expenditure assignment and revenue assignment of LGs mentioned as annexes in constitution, Local Government Operation Act and National NNRFC Act. He advised representatives of LGs to make Acts and laws to raise internal revenue. Explaining the LGs as next door service provider of the people, transparency and accountability have to be maintained. He added that tax and services should go together. LGs representatives have the knowledge of local situation, they should plan and implement the projects those are provisioned by the laws. LGs should come forward assertively to implement the powers of laws (see ppt in annex 2, A).

Mr. Dipendra Nath Sharma, Secretary, GoN as panellist explained the initiatives and on-going programmes of Ministry of Housing and Urban Development. He mentioned the changed role and mandate of the ministry focussing on the municipalities especially towards the newly formed municipalities. He informed that housing as fundamental right of citizen, ministry is planning to fulfil the right. He urged to monitor the building of houses after map approval. He expressed that the tax is associated with good governance and without it, it is difficult to increase revenues.

Mr. Mahesh Aryal, Joint Secretary, NNRFC explained about the mandates and scope of NNRFC. He told that the NNRFC Secretariat is working in close coordination with federal ministries in the absence of formation of the Commission. He also elaborated the financial resource allocation process and indicators used as per the Act. He informed that the process of EIA (IEE) has to conduct while mobilizing natural resources as per Environment Protection Act.

After the remarks, the participants raised issues that they were facing. The main issues expressed were:

Generic Issues related to GoN and Provinces

1. Urgency in fulfilling the staffs especially officer level in LGs,
2. Need for constructing the office building
3. Need for road accessibility in remote areas, constructing roads to access to Tibet of China and opening import check post to ease the life of Himali people,
4. Promoting small and cottage industries especially based on medicinal herbs in mountain districts,
5. Opening up of technical schools for employment oriented skill development to youths,
6. Providing priority to Karnali Province for overall development and urban planning,
7. Complain about the withdrawal of IPT making wastage of time and money, and also weakening the resource base of LGs,
8. Provision of freezing of conditional grant provided to LGs as not mentioned in constitution,
9. Strengthening of new municipalities with road accessibility and infrastructures, appropriate standard for urban development,
10. Very low level of staff and not willing to stay in remote and backward areas in the absence of minimum facilities for housing and markets,
11. Frequent transfer of staff without notice/information to municipalities,
12. Creating new structures in district level as units of District Administration Offices,
13. Inappropriate model organogram provided by MoFAGA,
14. Dispute of seniority between senior local staff and newly deputed civil service staff, demoralizing local staff,
15. Unclear budget distribution system to LGs
16. Urgent need for amendment of conflicting federal Acts
17. Injustice in facilities and benefits to LGs and discrimination to Deputy positions,
18. Delay in budget disbursement to Local Level
19. The procedure for judicial committee is not clear and there are no staffs related to law in LG, judicial committee,
20. Community Forests not under the control of LGs,

Urban Planning Related

21. The quality of urban planning consultants questioned as they are assigned several projects (problem of cut and paste plans not reflecting local situation),
22. The right of way in national pride road project is very high in hills making displacement of people,
23. Land is acquired for proposed Laligurans Model City, but the work not started yet,
24. Urban master plans as well as office buildings in new municipalities are needed urgently,

25. The Settlement Development Company occupied a large land area and Bhadrapur municipality not able to use that land area and also there is dispute I land ownership. The land has to be transfer to local government,
26. So many urban development plans have been prepared in past but they are not implemented and not known where they are,
27. The house building standard needs to be reviewed,
28. The quality of housing for poor is not to the standard in any means,
29. Gramin Awas (Rural Housing) programme planned in disaster prone areas-riverbanks (e.g. Dharan, Sunsari) and quality is quite poor.
30. Landless population has to be settled,

Fiscal Commission Related

31. Budget allocation criterion not clear and equalization grant is reduced by 20 percent this year without any reason,
32. The high weightage to population in providing grant has made deprived to hilly and mountain district, needs to review it,
33. Resource not allocated for Kulekhani watershed area that was provisioned in past,

Constitutional Provisions of Local Government and Revenue Mobilization

34. Land and House registration fee not disbursed from DCC/Land Revenue Office (Thaha Municipality),
35. Entry fee in buffer zone not received by LG (e.g. Thakurdwara, Bardia)
36. Poverty Alleviation Fund (PAF) as central organization is working in different part of country but has not been able to identify poor, well to do families are getting benefit from its projects. PAF be under the control of LGs.
37. Clarity in IPT is required, whether that can be continued or not,

Response from Panellists: Mr. Dipendra Nath Sharma, Secretary, Ministry of Housing and Urban Development

Secretary Mr. Sharma expressed that the issues of LGs related to housing and urban development have come in up-front and ministry will solve gradually. There are also complaints from province level about the power to function in these areas. Pointing to the delay in implementation of urban development plan, he told that the procurement act is being amended, contractor's code of quality is being implemented. Land use policy is being implemented by Ministry of Land management. With regard with Town Development Committee, and dissolving it, there is obstacle from the related act. He also added that GoN has to increase its share in the company. However, new provision of forming it with the chair by Mayor may solve some problems. He stated that land pooling is necessary and Urban Development Act may be required. Municipality should also control the quality of consultant report on urban plan. With regards to monitoring mechanism to include Deputy Mayor, the ministry will revise the guidelines.

Joint Secretary Mr. Mahesh Aryal, National Natural Resources and Fiscal Commission Secretariat

In response to the issues raised by the participants, Mr. Aryal informed that the royalty from natural resource would be allocated from the Inter-Government Finance Management Commission through

federal divisible fund. He told that the budget to LGs and provinces is allocated 29 percent of total federal budget this year besides revenue sharing. Revenue sharing is done on the basis of 7 indicators provisioned under the NNRFC Act. He also mentioned that the equalization grant is also allocated on the basis of the indicators mentioned in the Act.

Mr. Balananda Poudel, Then Coordinator, Local Level Restructuring Commission stated that there are some confusions on the power delineations of expenditure assignment, functional mandates and revenue assignment. Though a plan for transition management was felt needed, but due to reasons we could not prepare it. Notwithstanding these confusions, the constitution has provisioned a lot many things and will be clarified while going in implementation. The contradictory acts have to be amended in the spirit of constitutional provisions. With regard to the NNRFC, it has not been formed yet and only secretariat is in place.

In response to Education Act, he suggested LGs to prepare own act (approval from LG assembly) and should not depend on by-laws. He stated that in the course of local level restructuring, even villages by their characteristics have been formed as municipality with the good intention of developing them in consideration with their potentials. Expressing that the resources are only means but end are people and all should do best for them and they will assess time and again.

In the context of local tax and fees, he clarified that service fee is meant for the particular service, whereas tax is levied for public goods like road, electricity etc. LGs should make aware about the purpose of tax levied and should promote tax payer to ask question for enhancing accountability of LGs.

Mr. Lal Babu Pandit, Hon'ble Minister, MoFAGA

Hon'ble minister addressing to the assembly told that on the one hand he was happy to see the immense energy and courage of municipalities and on the other he is also concerned with so many issues in governance. But he urged to be optimistic and issues have to be solved by all spheres of government. We need to work closely with staffs as well. He assured that GoN will not encroached upon the constitutional and legal power of other government by any means, yet some mistakes may occur during transition and corrected soon. He told that the proposal of protocol is in under consideration of cabinet and will be published soon. In the matter of security of representative, he assured that he will coordinate with Home ministry and arrange security if given written notice of threats.

In the context of staff fulfilment, he advised LGs to send their organogram and accordingly the ministry would take actions but have to be cautious considering long term liability to LG. He informed that GoN is recruiting staff including technical ones required. He stated that there is problem in staff adjustment from civil service and current management is for transition only. The proposed Province level service commission would recruit staff for LGs. The physical resource, buildings and other resources are being transferred to LGs and informed that the health related resources will be transferred by the end of Ashoj, 2075. He asked representative to write letter if any staff does not obey LGs and not working properly.

He informed that budget has been allocated to border area of Terai –Madhes in inaccessible municipalities and in Dalit villages to improve access. In terms of benefits of representatives, LGs

have to decide rationally based on available resources. GoN has called DPs to avail fire brigade and heavy equipment for municipalities. The budget for office building is sent to DCC and GoN would disburse more, if that is not sufficient. He also informed that GoN has proposed phase wise visit of LG representatives to observe and learn about functioning of federalism in abroad.

He urged LG representative to stop exercising unlawful actions (Agreement with Foreign Governments). The LGs should solve disputes among representatives by themselves. He wished that the representative to create such environment that people welcome whole heartedly while visiting them. He also committed to coordinate with MuAN in the matter of supporting municipalities.

Vote of thanks and closing of morning session by Chair person.

5. Second Session(second day): Presentation and Discussions

Presentation on:

1. Town Development Fund for Town development: By Maniram Sing Mahat, Executive Director, TDF (annex 2.C).
2. Role of Road Board in infrastructure of Municipalities: By Krishna Sing Basnet, Executive Director, Road Board (annex 2 D)
3. Role of Local Government in Alternative Energy Promotion: By Nawaraj Dhakal, Officiating Executive Director, AEPC Aannex 2.B).

Mr. Maniram Sing Mahat highlighting the importance of urban areas, told that the focus of development should be in urban areas as most of the population are in cities. Cities can be pioneer in innovations and prosperity of people. He explained about the various projects (1450) supported by TDF for urban infrastructure, service delivery that included health posts, water Supply, market development, drainage, lane pavement, bus terminal, school building, waste treatment etc. He explained that the municipalities need huge amount of investment in urban infrastructure development, they need loans as well when their resource is not enough.

Mr. Mahat explained the modality and procedures of functioning TDF. He informed that TDF mobilizes resources from World Bank, Asian Development Bank, GoN – though minimum, Global Environment fund and has proposed to mobilize Climate fund. He requested Mayors and Deputy Mayors for proposal and DPR to finance their viable projects based on the procedure of TDF.

Mr. Krishna Sing Basnet

Talking about the Road Board mentioned the scope of it as maintenance, reconstruction and rehabilitation and upgradingof maintainable roads. He told that the Board has adequate fund. The major source is from the road fee levied in import of petroleum products. Other sources are toll tax in few roads, grant from GoN etc. It has Rs. 170 billion in its annual plan and fund could be allocated to LGs as well for strategic roads.

He mentioned that the Board is inclusive chaired by Secretary of Ministry of Physical Infrastructure and there is no political intervention. It has 17 staff but works efficiently in managing data and reviewing project proposals and their approval. The Board does not implement the project itself and

in most of the cases Road Division implement the projects. It finances even the gravel and rough roads depending on enough vehicular movements.

Mr. Nawaraj Dhakal, presenting on the roles of AEPC explained various types of renewable energy technologies (RETS) and their promotional programmes. He mentioned that RETs is focused to rural areas, however, in recent year it is being installed in city areas as well as a back -up of electricity. He told that previously DDCs had main role in district but after restructure of local level, AEPC is changing its strategy to support LGs.

Queries and responses of the Session

TDF related:

1. TDF is slow in approval process of the proposals from municipalities,
2. The status of proposal and DPR of Kankai municipality is unknown yet.

In response to the queries raised, Mr. Mahat told that the technical staff of TDF is low and it has announced vacancy for additional technical staff. He also mentioned that budget approval process of 50 projects from the ministry of finance is in pipeline. Once budget is approved, it will start the loan process.

Road Board related

1. Budget for road in Birgunj transferred with standard norms but was damaged within 6 months, quality of maintenance not to the standard in Birgunj area,
2. Road Board works only in highways but not in municipal roads and has to rethink on it,
3. The road from Salli bazar to Rimna of Jajarkot –Dolpa is deplorable, and asked for urgent black topping,
4. Urban roads in Damak municipality are of multi-year project, but budget is not enough yet,
5. Road Board is working in Surkhet since 2065, but there is not adequate budget, the toll tax goes to Board, inter-local level roads should also be financed by the Board,
6. The budget allocation to road division is high compared to LGs, and asked to elaborate standard and norms,
7. The budget allocated to road extension project in Godvari is minimum, conditions of roads is deplorable, budget has to be allocated,
8. Budget from the Board disbursed to Kalikot only in Jestha of last FY creating problem to implement the project and asked for the reason,
9. Priority of Board should be to the roads of remote areas,
10. Melouli road in Baitadi was constructed by DOLIDAR and has to transfer to LGs, drain is necessary while constructing roads,
11. In Namobuddha, the road has not been completed yet and quality of road constructed by Road Division is poor, the Board has to ensure quality, community ownership in road maintenance should be established for sustainable maintenance,
12. In Bhadrapur municipality, road maintenance is urgent and asked for clarity of local contribution. It was also asked to clarify the toll tax levied by the Board in municipal roads.
13. The technical norm of the Board has to be made simple to understand by general people to minimize irregularity.

Response from Road Board

Responding to the question raised by the participants, Mr. Basnet explained that the Board is fully transparent and it work only in paper, there is no space for irregularity within the Board. He requested the proposal to the Board has to be submitted by the end of Kartik according to prescribed norms and the Board takes necessary actions in time. The Board has a small number of staff but works in fast track, he mentioned.LGs have all power to implement and monitor the projects following the guidelines.

AEPC Related

1. In Thaha Municipality solar street lights were distributed in an ad hoc basis,
2. RETs distribution in Pyuthan was distributed in personal access basis and asked for institutionalize the process,

Response from AEPC

Mr. Nawaraj Dhakal told solar light is prioritized for streets and religious sites. He mentioned that the demand for RETs should be forwarded through LGs. The budget would be allocated to the Municipalities from this FY, municipalities will decide the utilization of RETs following technical guidance. AEPC arranges technical support through the vendors for services.

6. Session Third(second day): Interaction with Hon'ble Minister for Housing and Urban Development, Mr. Mohammad Istiyak Rai

Hon'ble Minister Mr. Mohammad Istiyak Rai explained the various works carrying out by the ministry focussing on local level especially in municipalities. He informed that the ministry is developing infrastructures and housing for poor in municipalities. He mentioned that 2000 houses have been built already and the target for 5 years is 150,000. He mentioned that the 12-14 office buildings of municipalities are constructed and agreement with DPs is in progress for other municipalities as well. He also informed that urban planning is being carried in 150 new municipalities covering minimum infrastructure requirement. With the provision of Chair by Mayor in TDC, there would not be parallel structures for urban development and small projects will be transferred to LGs. With the briefing, the minister requested floor for suggestions.

Queries raised by participants:

1. Dr. Hari Narayan Chaudhary, Siraha complained about the quality of Janata Awas Project of GoN which is not disaster resistant and without minimum facilities.
2. Mayor, Punarbas municipality mentioned that municipality has no office building, the Awas Company should bring under the control of LGs making them responsible,
3. Mohan Kumar Shrestha, Mayor Siddhicharan municipality asked to clarify Janata Awas programme about the location, responsible organization and cooperation from LGs. He

expressed that the implementation of smart city concept is very slow and weak. It should cover all geographical regions.

4. Kul B Kunwar, Mayor, Sanfebagar staff especially qualified technical staff not sufficient in municipalities. The policy of zero advance to user's committee has obstructed time completion of the projects.
5. Surendra Bista, Mayor, Bhimdutta asked for land use policy for land pooling and land acquisition.
6. Division offices in districts do not coordinate with municipalities and integrated urban development projects are being implemented directly by federal mechanism.
7. Deputy Mayor Dharan mentioned that residents of municipalities are landless. The housing schemes to poor are constructed in disaster prone areas without minimum facilities, different standards should be provisioned for old and new municipalities for urban development,
8. Seema Chhetri, Syangja urged to transfer physical infrastructures and assets of TDC to LGs,
9. Mayor, Birendranagar asked to deform TDC and handing over of its assets to municipalities. Birendranagar has huge problem of sewage and cost estimate to solve it is Rs. 31 crore. The quality of road is poor with potholes everywhere but people blame to Mayor/Deputy Mayor.
10. Mayor, Chainpur, Sankhuwasabha mentioned that the health post and police post is not completed in 5 years' period, municipality has no power to monitor road projects. Janata Awas project is not effective in selecting locations and in terms of quality.
11. Mayor, Haripur mentioned that Janata Awas Project has constructed some house of rough quality, contractors not working in time, there is no coordination with municipality, Janata Housing should give priority to single women and houseless people.
12. Mayor, Khandachakra Municipality also raised the issue of quality of housing and demanded for office building as soon as possible.

Response by Hon'ble Minister

Thanking to the participants, he told that all governments (761) should be responsible for housing to poor and deprived. He informed that the political instability and election processes had delayed in construction of houses. LGs and provinces have to collect factual data of landless people. He also mentioned that the responsibility of ministry has increased due to earthquake of 2072 requiring a lot engagement in recovery. He stated that ministry will work in close coordination with municipalities and any weaknesses found in implementation of federalism will be sorted out soon. With regard to demolishing Punarbas company and Awas company, there are legal issues as there are many shareholders on them. He requested all to consider building codes and standards in building construction and map approval process.

In order to timely completion of projects by contractor, he informed that the procurement act is being amended to address contemporary issues. Due to scarcity of resources, the smart city projects have been delayed, he informed. The minister also informed that the GoN is implementing resettlement plans in many places of mountain and terai that is more flood prone. Finally, he wished for successful leadership of Mayors and Deputy Mayors of municipalities.

Concluding Session: (Afternoon, 30 August 2018)

Agenda:

1. Election of Executive Committee, MuAN
2. Oath of office
3. Exchange Wishes
4. Unveiling of Kathmandu Declaration of 6th General Assembly
5. Vote of Thanks

Election of Executive Committee: The MuAN election committee formed earlier initiated the election process with the publication of voters' name list, calling representatives to nominate the names. The representatives proposed the names of candidates unanimously for all 49 positions. The election committee declared the name list of Executive Committee (name list of committee is in annex 1).

The Chief of election committee administered the oath of office in group and congratulated them. The certificate of positions to respective officials were also provided. The Mayors and Deputy Mayors exchanged wishes for successful tenure and congratulated each other.

The Assembly also prepared the Kathmandu declaration. The 20 points declaration was read by Mr. Kalanidhi Devkota, Executive Secretary of MuAN. The declaration was unanimously endorsed by the Assembly (Kathmandu Declaration full text in annex 3).

Finally, Mr. Sunil Ranjan Sing, chief of Election Committee thanked all the mayors and Deputy Mayors for their cooperation and s







upport to select Executive Committee unanimously.