



Project Data Sheet

Project 42161-014

Project Name	Strengthening Municipalities for Urban Service Delivery	
Project Number	42161-014	
Country / Economy	Nepal	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 7982-NEP: Strengthening Municipalities for Urban Service Delivery	
	Technical Assistance Special Fund	US\$ 1.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Water and other urban infrastructure and services / Urban policy, institutional and capacity development	
Gender	No gender elements	
Description	<p>The proposed TA fits within the framework of ADB's Country Partnership Strategy for Nepal (2010-2012), which prioritizes (i) inclusive social development and (ii) governance and capacity building among the four pillars and focuses on supporting the Government's efforts on peace building; reconstruction, rehabilitation and reintegration; and delivering a tangible peace dividend in the form of effective public services and development benefits. Improving financial management including own revenue collection enhancement, and urban planning are urgent needs that will help facilitate smooth implementation and operation and maintenance of the on-going Secondary Towns Integrated Urban Environmental Improvement Project (L2650-NEP) and the Integrated Urban Development Project in the pipeline (project-processing in 2011). Lessons from the on-going Institutional Strengthening of Municipalities (CDTA 7355-NEP) will be integrated in the TA design.</p>	

Project Rationale and
Linkage to
Country/Regional
Strategy

Municipalities are characterized by inadequate drinking water supply, sanitation, drainage, solid waste management, and transport infrastructure and facilities. Serious environmental issues, including an increased level of vehicular pollution, haphazard disposal of solid waste, wastewater, and illegal dumping of industrial waste into rivers and streams, are emerging because of uncontrolled and haphazard urban development. Insufficient financial resources and qualified human resources, and a low level of institutional capacity mean that urban authorities are unable to cope with the growing demand for services with commensurate infrastructural facilities. Issues and challenges that will be addressed in the TA are detailed in the subsequent paragraphs.

Financial Management including Revenue Enhancement. Mobilization of financial resources by municipalities is hampered by lack of a sound financial management system and innovative approaches to develop institutional capacity to manage their financial affairs. With grants and loans from the central Government accounting for a significant portion of the total revenue of municipalities, municipalities are largely dependent on the Central Government. There is an urgent need to increase the internal revenue by assessing potential sources, such as broadening the tax base, updating property tax valuation and increasing collection efficiency. Based on a revenue potential study, a realistic annual revenue estimate will need to be prepared.

Although accrual-based accounting systems have not been established and are not in use in most municipalities, each municipality is required by Local Bodies Financial Administration Regulation (LBFAR) to adopt accrual based accounting effective from FY 2011/12. Most internal audit units are not in place, and internal audits are essentially irregular and not effective. Backlog of audits is quite common in municipalities. Accumulated misappropriations (expenditure and advances) are high and generally not settled. The practice of periodic reconciliations varies from municipality to municipality with reconciliations done monthly, quarterly, semiannually or annually. Efforts need to be made to improve the accounting system and reduce misappropriations found in the audit report as well as the time taken for reconciliations.

Urban Planning. The municipalities and emerging towns of Nepal have developed haphazardly in the absence of stringent policy on regulating and managing the growth. The unplanned growth has created a number of problems such as deficiencies in basic urban services, lack of sanitation and solid waste management system, environmental degradation, and encroachment of settlements in public lands, forests and rivers. Additionally, the unprecedented rise of urban land price has encouraged land speculation and led to the indiscriminate subdivision of agricultural land and urban sprawl. Support is needed to enable municipalities to implement municipal building by-laws and national building codes through legislative support, institutional strengthening, and community empowerment.

Geographic information system-based urban mapping. Many municipalities still lack proper base maps. Although the participating municipalities have or are developing basic digital base maps, there is no software to run the geographic-information system (GIS) and only very limited information and data are available in the GIS. The existing maps do not serve the purpose of increasing functions that municipalities need to perform. Together with a rapid urbanization trend, there is a strong need to develop and/or update large-scale GIS-based urban maps with adequate socio-economic database. These maps will bring multiple benefits that can be used for better urban planning, project planning, tax information base, and public works engineering purposes.

Sustainability. The participating municipalities under this TA are the same municipalities selected under PPTA-7727 NEP Preparing the Integrated Urban Development Project. Capacity development for the four municipalities is essential to ensure effective and efficient implementation of the proposed Integrated Urban Development Project as well as to ensure sustainability of the infrastructure improvement to be carried out under the project. To the extent possible, good practices, manuals and specifications emerging from this TA may be used as standards for municipalities as the national level.

Impact	Stronger institutional capacity of Dharan, Janakpur, Nepalgunj, and Siddharthanagar municipalities for urban service delivery
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Project Outcome

Description of Outcome	Improved financial management and urban planning for Dharan, Janakpur, Nepalgunj, and Siddharthanagar municipalities
Progress Toward Outcome	The TA activities completed. Achievement of the outcome will be assessed in detail in the TA completion report.

Implementation Progress

Description of Project Outputs	Tax net extended for property tax Internal audit carried out regularly and as per standard Staff skills enhanced in accounting, budgeting, and internal auditing Amended building bylaws approved GIS-based urban maps used for taxation and urban service delivery Staff skills enhanced for GIS-based urban mapping
Status of Implementation Progress (Outputs, Activities, and Issues)	Strengthening of the capacities of the project municipalities in financial, planning, and technical terms has been completed. Most outputs have been achieved: tax net expanded, internal audit strengthened, staff skills on financial management enhanced, building and planning bylaws approved in all four municipalities, GIS-based urban maps created, and staff skills for GIS use enhance. The details will be included in the TA completion report.

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	Preliminary discussion was held with the MPPW, the MLD, and DUDBC. Further discussions will be held at the fact-finding with these government departments, major development partners and participating municipalities.
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During Project Implementation	<p>At the central level, a steering committee (SC) will be established to monitor the TA implementation. The SC will be co-chaired by Secretaries of MPPW and MLD and consist of high-level representatives from the National Planning Commission (NPC), the Ministry of Finance (MOF), MLD, Local Body Fiscal Commission (LBFC), DUDBC, the Municipal Association of Nepal (MuAN), and executive officers of participating municipalities. The project director in the project coordination office of DUDBC will work as member and the convener of the SC. The MLD and the DUDBC will each assign a TA coordinator and the former will take the lead in output 1, while the latter will do so for output 2. The SC will meet at least quarterly to discuss the overall progress and provide policy guidance to the TA. At each participating municipality, a focal point for the TA is appointed, and a working committee (WC) will be established to closely work with the TA consultants. The WC will comprise representatives from Town Development Committees (TDC), revenue, planning, accounting, audit, GIS units and other relevant service delivery sections from the municipalities. The consultants will produce quarterly progress reports, which will be reviewed by MPPW, MLD, DUDBC and ADB, and discussed at the SC and the WC. Workshops are planned towards the completion of the TA, by inviting other municipalities in Nepal, to disseminate good practices and lessons learned from the TA. ADB will undertake the TA review in collaboration with the EA, at least twice a year during the implementation.</p> <p>The TA final workshop was held in February 2014.</p>
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Business Opportunities

Consulting Services	<p>ADB will engage the consultants in accordance with its Guidelines on the Use of Consultants (2010, as amended from time to time). A team of consultants will be recruited under one package using the quality- and cost-based method of selection, with a standard quality cost ratio of 80:20. A simplified technical proposal will be used for the selection of the consultant firm. The consultants will assist the government in organizing the workshops at the beginning of the TA and toward its completion. The overall framework and approach, objectives, and targets of the TA will be shared at the first workshop with relevant government agencies and municipalities. The final workshop will be held to disseminate good practices and lessons from the TA for replication and scaling up. Disbursements under the TA will be made in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).</p>
Procurement	<p>Some equipment (such as computers, printers, and GIS software) will be procured under the TA using the shopping method, in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). The government will ensure proper storage and appropriate use of the equipment and software placed in participating municipalities during TA implementation.</p>
Responsible ADB Officer	Saito, Norio
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD

Ministry of Local Development
Shree Mahal, Pulchowk
Lalitpur
Nepal
Ministry of Physical Infrastructure and Transport
Singha Durbar
Kathmandu
Nepal
Ministry of Urban Development
Singhadurbar, Kathmandu, Nepal

Timetable

Concept Clearance	23 Aug 2011
Fact Finding	24 Aug 2011 to 05 Sep 2011
MRM	-
Approval	14 Dec 2011
Last Review Mission	-
Last PDS Update	30 Sep 2014

TA 7982-NEP

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Dec 2011	26 Jan 2012	26 Jan 2012	30 Jun 2014	-	31 Dec 2014

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
1,000,000.00	0.00	175,000.00	0.00	0.00	0.00	1,175,000.00	17 Jun 2022	959,471.56

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