

**Direct Funding  
Steering Committee**

**Minutes  
of the 17th  
Steering Committee meeting**

**August 26, 2009**

**11:00 – 13:00**

**Ministry of Education**

The Steering Committee meeting was attended by:

Steering Committee Positions.	Designation at Office	Name	Attendance
Chairperson	Joint Secretary, MoE	Mr. Arjun Bahadur Bhandari	Present
Special Invitee	Secretary	Dr. Ram Swarup Sinha	Present
Member	Joint Secretary, MoE	Mr. Janardan Nepal	
Member	Joint Secretary, MoE	Mr. Gyan Darshan Udas	Present
Member	Joint Secretary, MoE	Mr. Laxmi Prasad Khattry	Present
Member	Joint Secretary, MoE	Dr. Lava Deo Awasthi	Present
Member	DG, TRO	Mr. Keshar Bahadur Baniya	
Member	DG, DoE	Mr. Mahashram Sharma	Present
Member	ED, CDC	Mr. Hari Bole Khanal	Present
Member - Secretary	Under Secretary	Dr. Lekha Nath Poudel	Present
Member	Minister Counsellor	Mr. Ove Fritz Larsen	Present
Member	Sr. Prog. Officer, EOD	Mr Shiva Bhusal	Present
Member	ED, NCED	Mr. Harkha Prasad Shrestha	Present
Member	Controller	Mr. Chitra Prasad Devkota	Present
Member	Director, NFEC	Mr. Jibachh Mishra	Present
Invitee	Deputy Controller, OCE	Mr. Gopal Prasad Bhattarai	Present
Invitee	Deputy Director	Mr. Hari Prasad Lamsal	Present
Invitee	Deputy Director	Dr. Ananda Paudel	Present
Regular Invitee	CTA, ESAT	Mr. Frank Jensen	Present
Invitee	Under Secretary	Mr. Yoga Raj Pokhrel	Present
Invitee	Under Secretary	Mr. Tulashi Prasad Thapaliya	Present
Invitee	Under Secretary	Mr. Deepak Sharma	
Invitee	Deputy Director	Mr. Shiva Kumar Sapkota	Present
Invitee	Ass. Manager	Mr. Sushant Shrestha	Present
Representative	Administration, ESAT	Prasansa Shrestha	Present
Representative	Section Officer	Mr. Indra Bahadur Kunwar	Present

The meeting started: 11:00.

The meeting ended: 13:00

The meeting was convened according to the following agenda:

### **Proposed Meeting Agenda**

<b>#</b>	<b>Agenda Item</b>	<b>Time</b>
1	Approval of Proposed Agenda	5 min
2	Approval of Minutes of 16th Meeting held on June 8, 2009	5 min
3	Audit Report (August-December 2008)	30 min
4	End-of-Year Status of DF Activities	60 min
	a) Status of Outstanding Advances	<i>5 min</i>
	b) Financial Progress	<i>5 min</i>
	c) Physical Progress	<i>5 min</i>
	d) Requests for Revision	<i>15 min</i>
	e) New Proposals	<i>15 min</i>
	f) Draft Plan and Budget for the period 16 July to 31 October 2009	<i>10 min</i>
	g) Estimate of Balance of Funds (Programming or Red Book)	<i>5 min</i>
5	Information from members	10 min
	a) Ministry of Education	
	b) Embassy of Denmark	
6	Next SC Meeting	5 min
7	AoB	5 min

## Item 1: Approval of Agenda

It was agreed that the proposed meeting agenda would serve the purpose of the meeting.

### **Decision 1:**

**The Proposed Agenda was approved**

## Item 2: Approval of Minutes of the 16<sup>th</sup> SC Meeting, June 8, 2009

### **Decision 2:**

**The minutes of the 16<sup>th</sup> SC meeting were approved without comments.**

## Item 3: Audit Report

### **Background:**

The activities carried out with funding from the EFA and SESP Direct Funding facility during the period from 16<sup>th</sup> July 2008 to 15<sup>th</sup> July 2009 have been audited by the appointed auditors. A report sharing the draft audit findings has been shared with the Secretariat which in turn has distributed the auditors' findings to all implementing agencies along with a request to the implementing agencies to review these findings as well as the initial response prepared by the Secretariat. In further follow-up, the Auditors have agreed to present their audit findings and recommendations during the SC meeting, thereby providing the SC members with the opportunity to seek further clarifications, if required. The Appointed Auditor presented their draft audit findings and recommendations resulting from their audit of activities carried out in the period from 16 July 2008 to 15 July 2009.

### **Discussion:**

The SC expressed appreciation for the auditors draft audit findings. The Draft Audit Findings had been shared in advance with the implementing agencies along with a draft management response for the review and reaction of the concerned agencies.

### **Decision 3:**

**It was agreed that all heads of implementing should review the draft audit findings as well as the shared draft management response, and submit their comments, suggestions and explanations to the Secretariat on the 2<sup>nd</sup> of September 2009.**

## Item 4: End-of-Year Status of Progress

### 4.a): Status of Outstanding Advances

The Secretariat presented the status of outstanding advances to the SC.

The presentation included:

- The critical outstanding advances from the previous financial year 2007/08, and
- The amount of outstanding advance from the current fiscal year that is older than 3 months by implementing agency and activity area.

The information to the SC members is presented in the tables below.

**Table 1: Outstanding Advances from the Financial Year 2007/08**

Output #	Line Agency	Description Detail	Balance
1.2.6.7	DOE	Child Tracking	672,867
<b>Total Outstanding Advance</b>			<b>672,867</b>

**Table 2: Outstanding Advances older than 3 months from the Financial Year 2008/09**

Output #	Line Agency	Description Detail	Balance
1.4.1	NFEC	Alternative Schooling	2,706
1.4.2	NFEC	VEP – 2 <sup>nd</sup> Instalment	1,215,391
1.4.2	NFEC	Supplementary Manual	235,000
1.4.2	NFEC	Monitoring	350,000
	NFEC	Total	1,803,097
1.2.4	DOE	FMR software	647,788
1.2.7	DOE	Social Audit (partially settled)	729,023
1.2.7	DOE	Social Audit (paid out Feb 09)	4,437,915
	DOE	Total	5,814,726
2.2.2	CDC	Distribution of Specification Grid	20,472
2.4.23	CDC	CDC's Visual Dissemination	59,580
	CDC	Total	80,052
<b>Total Outstanding Advance (&gt; 3 months old)</b>			<b>7,697,875</b>

The outstanding amount from the fiscal year 2007/08 remains unchanged at NRS 672,867 from the 16<sup>th</sup> SC meeting in June; whereas the amount outstanding for more than 3 months within the current fiscal year had decreased from NRS 15 million in June to NRS 7.7 million.

The SC re-iterated the importance of settling the outstanding advances at the earliest and the representative from the EOD pointed out that it is worrying that the agreements made during earlier meetings were not adhered to by the concerned agencies. It was agreed that the Secretariat should stop paying out advances until the outstanding advance from 2007/08 had been settled.

DOE informed the SC members that the NRS 672,867 outstanding from the fiscal year 2007/08 as well as the NRS. 5.8 million Outstanding advance from the financial year 2008/09 will be settled before the 2<sup>nd</sup> of September 2009.

Both NFEC and CDC shared that the outstanding advances paid out to their agencies from the financial year 2008/09 will be settled immediately after Dashain, meaning before end of October 2009.

**Decision 4.a):**

**NFEC and CDC agreed to settle their outstanding advances from 2008/09 before end of October 2009.**

**DOE agreed to settle their outstanding advances from 2007/08 and 2008/09 before 2<sup>nd</sup> of September 2009.**

**The SC agreed that the Secretariat should stop paying out further advances to the DOE until the outstanding advance from the financial year 2007/08 had been settled.**

**4.b): Status of Financial Progress**

**Background**

During earlier meetings the SC has noted that both financial and physical progress continue to fall short of expectations and the implementing agencies have repeatedly been encouraged to re-assess their implementation capacity and adjust their plans and budgets accordingly. Following the SC meeting in December 2008, the Secretariat has been requested to prepare a brief presentation on the status of financial and physical progress in order to keep the SC members up-to-date and to facilitate the SC's work of taking appropriate actions to ensure the optimal utilisation of the DF facility.

**Presentation**

The Secretariat presented the financial progress for the financial year covering the period from 16 July 2008 to 15 July 2009. A summary of the overall status of financial progress by implementing agency is presented in the table below and details were enclosed with the End-of-Year Status of Progress Report.

**Table 3: Summary of Aggregated Financial Progress by Implementing Agency**

<b>Agency</b>	<b>Budget (NRS)</b>	<b>Expenditure (NRS)</b>	<b>Utilisation</b>
CDC	21,001,400	15,916,773	75.8%
DOE	55,118,966	32,242,246	58.5%
ESAT/O&M	16,471,350	9,763,276	59.3%
FACS	32,839,793	27,673,059	84.3%
MOE	45,600,412	26,208,515	57.5%
NCED	33,128,800	15,137,639	45.7%
NFEC	17,861,967	9,750,117	54.6%
OCE	4,000,000	1,191,434	29.8%
TRO	1,968,090	260,677	13.2%
<b>Total</b>	<b>227,990,778</b>	<b>138,143,736</b>	<b>60.6%</b>

**Discussion**

The SC discussed and agreed that considering the many opportunities that implementing agencies have had to revise their plans and budgets during the year, the end-of-year financial progress of only 61% is highly unsatisfactory. It was pointed out that overambitious plans and budgets that fail to materialise makes it difficult to assess the amount of funds that should be transferred to the Red Book.

**Decision 4.b:**

**It was agreed that all implementing agencies should be more realistic in the planning and budgeting of their DF activities and, once approved by the SC, the concerned agencies should live up to their commitments during implementation and reporting.**

**4.c): Status of Physical Progress**

**Background**

The SC has noted that both financial and physical progress continues to fall short of expectations and the implementing agencies have repeatedly been encouraged to re-assess their implementation capacity and adjust their plans and budgets accordingly.

With a view to facilitate the SC in carrying out its oversight and management functions, the Secretariat updates and presents at regular SC meetings the aggregated Planning & Monitoring sheets that summarises the status of progress against planned targets and approved budgets at the output level.

### **Presentation**

Through the End-of-Year Status of Progress Report, the Secretariat presented the year-end financial and physical progress in the standard Planning & Monitoring sheet. The Secretariat informed the SC that although reporting has become more regular gaps still remain in terms of the desired quality in the reporting of the status of activities. In particular it has been observed that many activities are reported as being 'on-track' which is inconsistent with the low level of financial progress and the requests to extend the implementation timeline and the allocated budget. Based on the received reports from Responsible Officers, the Secretariat shared that by end of the year only 67 out of 201 originally planned outputs were reported as fully delivered.

The overall impression is that physical progress is as low as financial progress.

### **Decision 4.c:**

**It was agreed that progress over the past year was not satisfactory considering the opportunities for implementing agencies to adjust their plans and budget over the year. It was agreed that in the planning and budgeting for activities over the coming period it is essential that implementing agencies are very realistic in their assessment of what they can manage to implement in the period from 16 July to 31 October 2009 so as to ensure a near 100% financial and physical progress and, thereby, an optimal utilisation of the DF facility.**

### **4.d): Requests for Revision**

#### **Background**

A total of 27 requests for revisions had been received by the Secretariat, mainly requesting extension of time and approved budget provisions till end of October 2009. Many requests for revision underline the low level of physical progress.

#### **Presentation**

The Secretariat presented the financial consequences of approving the received requests for revision and pointed at the summary table in the End-of-Year Status of Progress Report for an overview and to the attached status reports for the implementing agencies' detailed explanations and justifications for their revision requests.

#### **Discussion**

The SC discussed the requests for revision in the light of the low progress over the year. Based on the amount of budget requested extended till end of October 2009 concerns were expressed that the majority of the activity areas requested extended still were too ambitious and that there was a very real risk that they would not be able to deliver the promised outputs in time.

In view of the low progress over the past year, the SC agreed that all implementing agencies should re-assess their implementation capacity and re-submit their plans and budget to the Secretariat for

the period up to 31 October 2009 by the Wednesday the 2<sup>nd</sup> of September with a view to adjust plans and budgets to their capacity and achieve a close to 100% financial and physical progress.

**Decision 4.d:**

**It was agreed that all implementing agencies should adjust their plans and budgets for the period 16 July top 31 October 2009 to their implementation capacity and submit these to the Secretariat by 2<sup>nd</sup> September 2009.**

4.e): New Proposals

**Background**

Prior to the 17<sup>th</sup> SC meeting the Secretariat has received 8 new proposals.

**Presentation**

The Secretariat presented the overview of the 8 new proposals received for the SC's discussion and decision.

**Discussion**

The SC discussed the new proposals in the light of the funding situation and the likelihood that new proposals could be completed before October 31, 2009.

The proposing agencies presented their new proposals and assessed whether they could be completed within the given timeframe.

OCE shared that their proposal for water supply could be completed within time, and the SC approved the proposal accordingly.

The School Inspectorate shared that their proposal for upgrading the working environment in their offices also could be completed within the given time, and the SC approved the proposal accordingly.

CDC shared that they would have to revise some of their proposals, but that proposal 1, 2, 4, and 5 could be completed in time with some minor modifications. Proposals 2 and 6 will need more serious re-thinking and CDC will assess what can be achieved within the given time, and submit the revised plans and budget to the Secretariat by 2<sup>nd</sup> September 2009.

**Decision 4.e:**

**It was agreed that all implementing agencies should adjust their plans and budgets for the period 16 July top 31 October 2009 to their implementation capacity and submit these to the Secretariat by 2<sup>nd</sup> September 2009.**

#### 4.f): Draft Plan & Budget for the period 16 July to 31 October 2009

##### **Background**

Based on the received requests for revision, the Secretariat prepared a Draft Plan & Budget for the period from 16 July to 31 October 2009. However, following the SC's agreement that all implementing agencies should re-assess their implementation capacity and adjust their plans and budget accordingly, it was agreed that there was no need for a more detailed presentation of the Draft Plan & budget prepared by the Secretariat.

##### **Decision 4.f:**

**It was agreed that the Draft Plan & Budget for Direct Funding over the period from 16 July to 31 October 2009 should be updated based on the revised activity plans to be submitted by the implementing agencies to the Secretariat by 2<sup>nd</sup> September 2009.**

#### 4.g): Estimate of balance of funds for transfer to GoN Red Book

##### **Background**

With a view to facilitate the optimal utilisation of the funds under the Direct Funding facility, the Secretariat has prepared a tentative calculation of the un-programmed funds based on the received requests for revision and new proposals.

##### **Presentation**

The Secretariat presented the summary table under Section G of the End-of-Year Status of Progress Report, showing that if all received request for revision and all new proposals were to be approved by the SC, then the amount of funds available for new programming or transfer to the Red Book system amounts to NRS 22.7 million or DKK 1.5 million.

##### **Discussion**

Following the agreement that all implementing agencies should re-submit their revised plans and budget to the Secretariat by 2<sup>nd</sup> September 2009m, the SC's decided that the Secretariat will make new calculations of the amount that can be transferred to the Red Book, based on the assumption that all implementing agencies will be able to fully utilise the budget they request in their submitted plans.

The SC stressed that the implementing agencies' commitment to fully implement the submitted plans will be important as the Ministry already now will need to initiate negotiations with the Ministry of Finance to create space for the transfer of the balance of funds so that the actual transfer can take place in November 2009. The implementing agencies commitment to implement the submitted plans and budget in time will therefore be crucial in achieving maximum utilisation of the funds.

**Decision 4.g:**

It was agreed that the Secretariat should re-calculate the balance of funds that can be transferred to the Red Book based on the revised plans and budgets to be received on the 2<sup>nd</sup> of September from the implementing agencies, and that the Ministry subsequently should initiate negotiations with the Ministry of Finance to create space for the incorporation of the re-calculated balance of funds for incorporation into the Red Book so that the funds can be transferred before end of November 2009.

**Item 5: Information from Members**

There was no new information.

**Item 6: Next Steering Committee Meeting**

The SC discussed the date for the next SC meeting in view of the SC's need to work with the Ministry of Finance to create room in the Red Book for the transfer of any funds balance.

**Decision:**

It was agreed that the tentative date and timing for the next SC meeting is the 16<sup>th</sup> of November 2009. It was also agreed that tentative items for the agenda will include:

- 1) Status of progress of activities
- 2) Status of Outstanding Advances
- 3) Balance of funds for transfer to the Red Book
- 4) Procedures for phasing out and closure of ESAT and the DF facility

**Item 7: Any other Business**

The Secretariat shared with the SC that a proposal for a study of JEMC had been received. The SC discussed the proposal and agreed that if the JEMC Management Committee endorsed the proposal it could be submitted officially for approval of the Secretary, following which it should be forwarded to the Embassy of Denmark for approval before it could be implemented.

The Secretariat shared the SC that a proposal for a study of JEMC had been received. The Members of SC found that the proposal was not submitted institutionally. There is no more time left to formalise the process through JEMC for implementing the proposal. So, it was concluded that due to time limitation, the SC did not endorse the proposal.

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**Mr. Arjun Bahadur Bhandari**  
**Joint Secretary**  
**Chairman, Direct Funding Steering Committee**

**Date: 2 September, 2009**

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**Dr. Lekha Nath Poudel**  
**Under Secretary, FACS MoE**

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**Frank Jensen**  
**CTA, ESAT**

**The Secretariat, Direct Funding Steering Committee**


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**Mr. Arjan Bhandari**  
Joint Secretary  
Chairman, Direct Funding Steering Committee

Date: 2 September, 2009



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**Dr. Lekha Nath Poudel**  
Under Secretary, FACS MoE



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**Frank Jensen**  
CIA, ESAT



The Secretariat, Direct Funding Steering Committee

