

**Direct Funding
Steering Committee**

**Minutes
of the 18th
Steering Committee meeting**

November 17, 2009

14:30 – 15:30

Ministry of Education

The Steering Committee meeting was attended by:

Steering Committee Positions.	Designation at Office	Name	Attendance
Chairperson	Secretary, MoE	Mr. Deependra Bickram Thapa	Present
Member	Joint Secretary, MoE	Mr. Janardan Nepal	Present
Member	Joint Secretary, MoE	Mr. Laxmi Prasad Khattry	Present
Member	Joint Secretary, MoE	Dr. Lava Deo Awasthi	Present
Member	Executive Director, CDC	Mr. Hari Bole Khanal	Present
Member	Director, DoE	Mr. Prakash Raj Pandey	Present
Member	ED, NCED	Mr. Harkha Prasad Shrestha	Present
Member	Controller	Mr. Chitra Prasad Devkota	Present
Member	Director, NFEC	Mr. Jibachh Mishra	Present
Member	Act. DG, TRO	Mr. Diwakar Awasthi	Present
Member	Minister Counsellor, EOD	Mr. Ove Fritz Larsen	Present
Invitee	Joint Secretary, MoE	Mr. Bali Ram Pd Singh	Present
Invitee	Under Secretary, MoE	Mr. Bharat Nepali Pyakurel	Present
Invitee	Under Secretary, MoE	Mr. Yoga Raj Pokhrel	Present
Invitee	Under Secretary, MoE	Mr. Tulashi Prasad Thapaliya	Present
Invitee	Deputy Director, DoE	Mr. Hari Prasad Lamsal	Present
Invitee	Finance Chief, DoE	Mr. Kamal Kumar Shrestha	Present
Invitee	Deputy Director, NCED	Mr. Shiva Kumar Sapkota	Present
Invitee	Deputy Director, DoE	Mr. Balaram Timilsina	Present
Invitee	DoE	Mr. Bhanu Bhakta Niraula	Present
Regular Invitee	CTA, ESAT	Mr. Frank Jensen	Present
Invitee	DoE	Mr. Nhuchhe Bdr Maharjan	Present
Invitee	ESAT	Mr. Thoman Nielsen	Present
Invitee	ESAT	Mr. Jeet Thapa	Present
Representative	JICA	Mr. Krishna Lamsal	Present
Invitee	STRO	Mr. Kripa Ram Rijyal	Present
Invitee	ESAT	Ms. Prasansa Shrestha	Present
Invitee	Section Officer	Mr. Mukunda Khanal	Present
Invitee	ESAT	Mr Manjeet Shrestha	Present
Invitee	ESAT	Ms. Ratnaa Maharjan	Present
Invitee	S.O. MoE	Mr. Nakul Baniya	Present
Invitee	SO, MoE	Mr. Hari Prasad Paudel	Present
Invitee	SO, DoE	Mr. Bhim Bahadur Saud	Present
Invitee	DoE	Mr. Bishnu Prasad Bhusal	Present

The meeting started: 14:30.

The meeting ended: 15:30

The meeting was convened according to the following agenda:

Proposed Meeting Agenda

#	Agenda Item	Time
1	Approval of Proposed Agenda	5 min
2	Approval of Minutes of 17th Meeting held on August 26, 2009	5 min
3	Status of Outstanding Advances	5 min
4	Physical Progress	5 min
5	Financial Progress	5 min
6	Balance of Funds for Transfer to the Red Book	10 min
7	Information from members	10 min
	a) Ministry of Education	
	b) Embassy of Denmark	
8	Next SC Meeting	5 min
	AoB	10 min

Item 1: Approval of Agenda

The Secretary opened the 18th SC meeting by welcoming all members and observers, and by presenting the proposed agenda submitted in advance to all SC members along with supporting documents.

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 17th SC Meeting, August 26, 2009

Decision 2:

The minutes of the 17th SC meeting were approved without comments.

Item 3: Status of Outstanding Advances

The Secretariat presented the status of outstanding advances to the SC. A summary of the current outstanding advances is presented in table 3.1 below.

Table 3.1: Summary of total Outstanding Advances

#	Implementing Agency	EFA	SESP	Total
1	NFEC	575,733.52	2,521,638.80	3,097,372.32
2	CDC	474,384.00	25,838.62	500,222.62
3	DoE	209,282.30	(109,961.00)	99,321.30
4	MoE	-	33,489.00	33,489.00
5	NCED	-	175,000.00	175,000.00
TOTAL		1,259,399.82	2,646,005.42	3,905,405.24

The detailed status of outstanding advances as per 31 October 2009 was included with the SC meeting documents.

The SC noted that the amount of outstanding advances has been reduced considerably and re-iterated the importance of settling the remaining outstanding advances before end of the calendar year. However, the remaining outstanding advances would need to be settled at the earliest to avoid having to return funds to the Danish Ministry of Finance.

Decision 3:

The SC agreed that the Secretariat will inform the concerned implementing agencies about the amount of outstanding advances and request these agencies to settle the outstanding advances over the coming weeks.

Item 4: Physical Progress

The Secretariat presented the updated Planning & Monitoring sheet included with the meeting documents showing the physical and financial progress by output, activity area, component and programme.

The SC noted that progress fell short of the planned targets, but also that some important activities are still on-going and will not be completed, paid and accounted for before mid to end December.

Decision 4:

The SC noted that physical progress was lower than expected.

It was agreed that all implementing agencies should allocate adequate resources to complete and account for all on-going activities over the coming weeks.

Item 5: Financial Progress

The Secretariat presented the financial progress as of October 31.

The presentation included table 5.1 below as well as introduction to the detailed financial progress tables included with the meeting documents.

Table 5.1: Summary of financial progress by implementing agency

Implementing agency	Budget	Expenditure	Utilisation
DOE	27,636,750	17,686,993	64.0%
NFEC	12,706,967	3,463,508	27.3%
CDC	15,052,237	913,322	6.1%
MOE	14,643,507	3,189,861	21.8%
NCED	18,291,161	889,446	4.9%
OCE	2,038,000	1,731,367	85.0%
TRO	1,707,413	32,818	1.9%
Contingency	250,000	0	0.0%
ESAT	4,650,000	3,303,825	71.1%
TOTAL	96,976,035	31,211,140	32.2%

The data presented by the Secretariat showed that the overall financial progress for the period was 32%.

The Secretariat shared that it should be noted that the budget column in the table above include provisions for currently on-going activities that extend beyond 31 October and only will be completed, paid and accounted for during the months of November and December. These activities include for example the operation of ESAT as well as the completion of the procurement training for managers and senior officers, the finalisation of the school accounting manual, prototype school construction, the development of legal provisions for the school sector reform, the ILCB Evaluation and the Client Satisfaction Survey etc.

Discussion

The SC discussed whether the presented financial progress corresponded with the physical progress. Representatives from implementing agencies pointed out that some activities were near completion and that the financial progress naturally will be behind physical progress as payments only will be made upon completion.

The SC discussed the need for implementing agencies to clearly communicate with the Secretariat about the financial commitments and accurate budget required in order to complete on-going activities over the coming weeks.

The SC discussed the ‘Education for Work Research’ activities carried out by CDC and the problems in making final payment. It was agreed that a small committee should be established to look into the issue.

The representative from EOD shared that as we are approaching the end of this programme, it perhaps is the right time to review and update the Direct Funding rules and regulations to better match the new situation and make them more suitable before we start the new phase.

Decision 5:

It was agreed that:

- a) all implementing agencies should take care and work closely with the Secretariat to ensure good financial management over the coming period to ensure the optimal utilisation of the Direct Funding facility; and
- b) a small committee will be established to look into how issues regarding the 'Education for Work Research' can be resolved.

Item 6: Balance of Funds for Transfer to Red Book

The Secretariat presented an estimate of the year-end balance of funds that could be transferred to the Red Book. The maximum amount available for transfer (before deducting outstanding advances and financial commitments made) is presented in Table 6.1 below.

A more detailed estimate, based on the expenditures incurred till date, the current amount of outstanding advances with implementing agencies, the registered financial commitments and obligations for the remaining period of the year, was presented with the meeting documents.

Table 6.1: Balance of funds for transfer to Red Book.

Programme	DKK (million) *	NRS (million)
EFA	0.5	7.2
SESP	3.8	55.9
Total	4.3	63.0

* Note: Exchange rate in use of 18-Aug-09 is DKK 1 = NRS 14.79

The Secretariat distributed an overview sheet summarizing the information the Secretariat has about on-going activities and upcoming payments to be made by agency, programme and activity area.

The Secretariat asked the concerned implementing agencies to confirm whether the estimated funds requirement based on this information is accurate. If the presented estimate did not include all remaining payments to be made, the concerned agency was asked to return to the Secretariat with the missing information so as to allow the Secretariat to accurately assess the funds that should be retained with ESAT and what can be transferred to the Red Book.

Discussion

The Secretary stressed the importance of providing accurate estimates to the Secretariat so that the Secretariat could calculate how much should be retained to meet financial obligations during the remaining period of the year and how much should be transferred to the Red Book.

It was agreed that since time may be required to create space in the Red Book and subsequently complete the transfer of the estimated year-end balance of remaining funds may take some time, the implementing agencies should get back to the Secretariat at the earliest possible - and no later than by end of Thursday the 19th of November - with an accurate calculation of how much should be retained with ESAT to fund the completion of the few remaining on-going activities, and how much can be transferred to the Red Book.

Decision 6:

It was agreed that all implementing agencies will review the distributed estimate of funds by activity area to retain with ESAT and the amount to be transferred to the Red Book.

In case the distributed estimate and schedule of remaining payments to be made does not correspond with the actual situation, the implementing agencies will send the updated schedule of payments to be made, including an overview of the funds that need to be retained with ESAT and the funds that can be transferred to the Red Book before close of business on Thursday the 19th of November 2009.

Item 7: Information from Members

The representative from the Embassy of Denmark shared that the Danida board had approved a total of DKK 220 million in support of the SSRP. Out of this amount DKK 15 million was for Direct Funding and Technical Assistance; and DKK 5 million was for monitoring and evaluation. It was also shared that the Secretariat would arrange a Programme Completion Report Workshop for the EFA and SESP programmes on Thursday the 19th of November. The purpose of this workshop will be to provide input for the preparation of mandatory completion reports that will need to be submitted to headquarters in Copenhagen. The participation of the line agencies would be highly appreciated.

The Ministry shared that it is in the process of preparing a Memorandum of Understanding aimed at paving the way for a Joint Direct Funding Arrangement that will reduce the Ministry's administrative burden and help align the aid resources made available to the school education sector outside the Red Book system. The Direct Funding arrangement is already in the pipeline for Denmark and Finland, whereas the position of Norway still is not clear. The MoU is part of the Ministry's aid management policy and will further the process of implementing the Paris Declaration and the Accra Agenda for Action by improving the alignment of the support received from Development Partners with the education sector policies as well as the SSRP goals and priorities.

Item 8: Next Steering Committee Meeting

The SC discussed what would be an appropriate date for the next SC meeting. As the Government-to-Government yet has to be signed, it was agreed that the Secretariat would set the next meeting date, time, agenda and venue; and subsequently communicate the same to the SC members.

Decision: 7

It was agreed that the Secretariat will communicate the date, time, agenda and venue for the next SC meeting.

Any other Business

The SC discussed the experience with Direct Funding over the recent years. There was consensus that it had been a flexible mechanism to address issues that were not easily addressed through the normal system. It was also agreed that the Direct Funding mechanism had been of particular importance in relation to the development of capacity and the testing and institutionalisation of new ideas as exemplified by the current work on multi-grade-teaching, use of ICT for learning, school mapping, development of mother tongue textbooks, as well as many other activities.

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Mr. Deependra Bickram Thapa
Secretary
Chairman, Direct Funding Steering Committee

Date: 26 November, 2009

Dr. Lekha Nath Poudel
Under Secretary, FACS MoE

Frank Jensen
CTA, ESAT

The Secretariat, Direct Funding Steering Committee

Item 8: Next Steering Committee Meeting

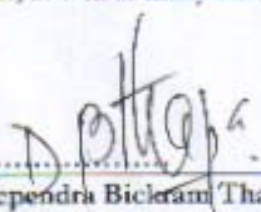
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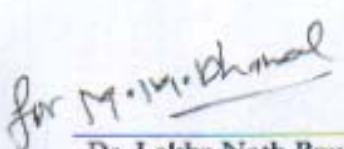
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