

Management Response to the Midterm Review (MTR) Recommendations

The Australian Government's Department of Trade and Foreign Affairs (DFAT) and The Asia Foundation (TAF) conducted an independent a Midterm Review of their **Subnational Governance Program (SNGP Phase II)** in June 2024.

Following the receipt of the final review report, the following management responses have been agreed between DFAT and TAF for implementation as response to the review recommendations:

S.N.	MTR Recommendations	Management Response	Justification and implementation plan	Timeline
R1.	SNGP needs to continue working with the federal level institutions such as the National Coordination Council (NCC) and Office of the Prime Minister and Council of Ministers (OPMCM), and contribute to improving the province-local relations within the areas and issues that the program is addressing.	Agree	The program will continue to work closely with key federal institutions such as the NCC, OPMCM, parliament, Ministry of Federal Affairs and General Administration (MoFAGA) among others to promote inter-governmental relations and coordination. It will also contribute towards improving the relations between province and local government in their areas of mutual interests and issues.	December 2024-December 2026
a.	Once the functional unbundling report is finalised and formally approved by the NCC, it will pave the way for a tremendous amount of work from internalising the recommendations by all three levels of government and educating the government levels and the public. The Program should be ready for the needed support so that the gains made through the revisioning process of the functional unbundling are sustained.	Agree	The program will remain ready to provide necessary support to the three levels of government to internalize and implement recommendations of the unbundling report once the report is finalized and approved by the NCC. It will also remain ready to provide additional support as appropriate to sustain the gains made through the revisioning process of the functional unbundling.	January 2025-January 2026
B	The program should engage with federal Ministries of Health and Industry, including inviting them onto the Advisory Committee.	Agree	The program continues to engage with the federal Ministries of Health and Industry and will invite them to the Advisory Committee.	January 2025-January 2026

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c	Leveraging the policy dialogue, SNGP should explore opportunities to enhance intergovernmental relations between the province and local government, not least focusing on the sectors it is working on.	Agree	As part of its priority for the remaining years of implementation, the program will support in enhancing intergovernmental relations between the province and local governments in areas of their mutual interests and priorities, but not limiting to sectors that the program is working on.	January 2025-December 2026
R2	Sustaining the gains achieved in dispute resolution and judicial services, SNGP should reconsider its planned exit from community mediation and the multi-stakeholder dialogues, and instead continue support until the end of 2025.	Disagree	<p>The program has taken the decision to exit from community mediation and multi-stakeholders after careful reviews of the context and its relevance, hence will not be possible to continue its support.</p> <p>After 10 years of investment by DFAT-TAF in community mediation, the program has shifted its focus on strengthening judicial committees in accordance with the shift of local government priority and its mandate. <i>(DFAT started to fund community mediation through TAF in 2015 and continued under the SNGP Phase I and II).</i></p> <p>The program has responsively phased out from the multi-stakeholder dialogue support in 2023 based on the recommendation of the SNGP Phase I MTR recommendation, shift in operating context, and emergence of new priorities.</p>	-
a	Ensure the training being provided by the NJA is continued through government budgets either through the NJA itself or other relevant training institutions.	Disagree	The program has no control over ensuring government budgets to NJA. However, it will provide necessary support and evidence to NJA to advocate for government budgets.	-
b	Continue working with municipalities until they allocate sufficient budget to provide	Disagree	As responded under section R2 above, the program has responsively shifted its focus away from community	-

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	remuneration to the community mediators and to support the necessary logistics for community mediation services.		mediation center support and is not in both technical and financial position to provide logistic and financial support for the mediation services. Additionally, this is now a core local government function, and the program has no control over ensuring funds for community mediators and for community mediation services.	
c	Invest in documenting the knowledge and experiences gained so far in knowledge products designed for, and targeted to local governments, to support the efforts to secure budget and other resource allocation for community mediation.	Agree	The program has already commissioned an analytical knowledge product to document experiences on community mediation. It will share with local government and other relevant government stakeholders to use as evidence for resource allocation	January - April 2025
R3	It is strongly recommended that SNGP and DFAT reverse the decision to withdraw from the health area of work, and instead to stay the course through to the end of this phase.	Agree	The program agrees to continue its work in health governance area or outcome.	January 2025-December 2026
a	Work to embed sustainable gains in partner subnational governments, and on supporting the replication and expansion of successful pilots in health so that more municipalities can benefit from the lessons and experiences of the SNGP partner local governments. Otherwise, there is significant risk that gains made to date may be lost, and opportunities for further progress and change in the remaining years of Phase II will be missed.	Agree	The program will facilitate joint platforms for local governments to exchange experiences and seek opportunities for replication of good practices in health governance emerging from SNGP.	January 2025-December 2026

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B	Climate change should be reframed as a cross-cutting issue rather than an end of program outcome (EOPO). Clarify the program’s ambition regarding climate mainstreaming with a revised outcome at the intermediate outcome level (and eliminate it from the end of program outcome level) in line with DFAT policy.	Disagree	For climate change, it will retain its current ambition for program outcome (EOPO). The program has decided to have standalone climate outcome in close consultations with DFAT, government counterparts both at federal, provincial and local level, as well as experts and partners in this sector. The EOPO ambition, and targeted results are deemed appropriate and realistic. Changing its results framework which has been already revised thrice, at this stage of the program is considered undesirable, and has the risks of creating program management and delivery confusion across TAF, implementing partners and government.	January 2025- December 2026
c	Create a new intermediate outcome for sustainability, replication and scaling which is cross cutting across all workstreams with M&E.	Disagree	The program under its sustainability strategy already has identified indicators to track progress towards sustainability and does not deem necessary and realistic to create a new intermediate outcome for sustainability.	-
R4 (i)	The program is encouraged to revisit its workplan and priorities across its portfolio of activities towards this EOPO to sharpen the focus for the remainder of Phase II.	Agree	The program will assess its workplan and priorities and sharpen its focus for the remainder of the program.	January – February 2025
R4 (ii)	Effort may be best directed towards more targeted enterprise development activities, furthering inclusion-focused initiatives such as tax discounts and fee waivers for disadvantaged groups, and continuing to support budget and budget execution work.	Agree	The program will provide technical assistance to the partner province and local governments to draft enterprise development policies with provisions for tax discounts or fee waivers for disadvantaged groups, and also support advocacy efforts for implementation of policies and budget execution.	January 2025 - December 2026

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R4 (iii)	Suggest a shift from budget planning to budget execution at PLG level and supporting provinces, municipalities, wards and selected TLOs with project management and budgeting skills to be able to play a strong monitoring and accountability role. This could cover ward committees, mentees in particular.	Agree	The program will provide support to province and local governments in budget execution with technical assistance in project management, budgeting, monitoring and public accountability processes.	January 2025 - December 2026
A	Amend IR3.2 on the business enabling environment to better focus on SNGP's value add in demonstrating new models of business development such as PPPs and growth hubs.	Agree	The program will revise its IR 3.2 indicator to accurately capture results from SNGP contribution.	November 2024 – February 2025
B	Amending IR3.1 on PFM to more accurately reflect the program's focus on revenue, budget and planning at province and local government levels.	Agree	The program will reframe the result indicator. The focus of the program will be on improving province and local government revenue collection and management, and planning; however, it will also respond to needs on strengthening PFM systems and processes.	November 2024 - December 2025
R5	SNGP should continue its strong and well-resourced commitment to gender equality, disability, and social inclusion, with a number of further enhancements which will amplify progress.	Agree	The program will continue to prioritize efforts towards GEDSI and ensure resource accordingly.	January 2025- December 2026
a	Reassess and define GEDSI groups more clearly for the program to ensure that the most marginalised groups are effectively included throughout the activity cycle, including planning, budgeting, implementation, and monitoring.	Agree	The program will update its definition on GEDSI groups and will continue to include the most marginalized groups throughout the activity design and implementation cycle.	January 2025 – December 2026

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b	Review and enhance the monitoring system by refining or adding GEDSI indicators and means of verification to better capture higher levels outcomes and changes, especially for the most marginalised groups. These indicators should measure both objective (factual) outcomes, but also subjective (behavioural/emotional) aspects.	Partially Agree	The program already has in place GEDSI indicators to capture higher level outcome changes, which includes baseline data. A survey will be conducted over the remaining period of the program to capture the behavioural and power shifts.	-
c	Maintain the current rigorous approach to capacity building for GEDSI, but shift the focus to developing social skills, methods and approaches for GEDSI analysis and integration. This should be particularly targeted at the planning and MEL staff of partner organisations, as well as the SNGP Provincial Coordinators (including those working solely at Provincial level), as they are instrumental to the success of the GEDSI work. Training should also build skills for deeper understanding of behavioural changes, enabling staff to move beyond planning and monitoring to also include and capture more complex signs of change.	Agree	<p>The program will provide training to the program team, provincial coordinators, and partner municipalities on inclusion and leadership, focusing on social skills, such as power and workplace behavior, and methods and approaches to GEDSI analysis and integration.</p> <p>For the remaining two years, the program will reassess the capacity building approach of program to build skills for deeper understanding of behavioral changes and facilitate more enabling environment to adopt the change.</p>	January 2025 – December 2026

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d	<p>Actively support targeted investments that enable women and marginalised groups to push their current limited boundaries to participate more effectively in mainstream development agendas and spaces traditionally dominated by men and elite groups.</p> <p>In particular, SNGP should reassess its income generation activities to ensure they do not reinforce traditional gender roles without offering meaningful benefits, as such activities can waste resources and time.</p>	Partially agree	<p>The program agrees and will engage with women and marginalized groups through mentorship and fellowship programs.</p> <p>The program disagrees on “reassessing its income generation activities” since SNGP does not directly support income generation activities. The program supports local governments to set up a mechanism (such as Growth-hub) to build the capacity of entrepreneurs and SMEs. In this process, the program will ensure that the selected entrepreneurs are women and people with disability.</p>	January 2025 – December 2026
e	Continue to raise awareness about issues related to disabilities and LGBTQIA+ community while providing financial and technical support to better integrate these groups more into mainstream development processes. Ensure that support mechanisms are comprehensive and well-coordinated to effectively address their specific needs and challenges.	Agree	The program will continue to support effort towards raising awareness about issues related to disabilities and other marginalized groups and integrate their issues into mainstream development processes. In terms of issues related to LGBTQIA+ community, the program plans to identify the needs in the municipalities its working and provide support as appropriate.	January 2025 – December 2026
R6	<p>SNGP should sustain its strong commitment to MERL, to internal learning and reflection, and to robust adaptive management. However, it should revise its MERL Framework alongside the recommended revisions to the program logic/ theory of change, while also addressing a number of key gaps:</p>	Agree	The program will continue to invest resources for internal learning, reflection, and documentation.	January 2025 – December 2026

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a	Substantially reconsider the quantitative indicators, only retaining quantitative measures of results when they are directly relevant, or can become relevant with the addition of extra analysis of contribution or influence by SNGP.	Agree	The program will review the suggestions and feedback received on each indicator and update the result framework, in consultation with DFAT for the next two years accordingly.	November 2024 - March 2025
b	Where quantitative indicators are not possible, or are insufficient, add qualitative indicators or means of assessing progress and achievement.	Agree	Based on the learning of SNGP Phase I and Bridging Phase, the program included six qualitative indicators in its Phase II. Following a review of current indicators, the program will consider the requirement for additional qualitative indicators.	November 2024 - March 2025
c	The MERL Framework should set out a confirmed schedule of qualitative or mixed-method evaluation activities over the rest of Phase II, undertaking more studies such as the recent Policy Implementation Assessment, the Outcome Mapping Study and the Evaluation of the Mentoring and Fellowship programs. These are likely to deliver the greatest value and strongest evidence base.	Agree	While developing the result framework of the remaining two years of SNGP II, the program will include specific assessment/review in its MERL plan for better capture the learnings and achievements.	November 2024 - March 2025
R7	SNGP should commit to two more rounds of the Survey of Nepali People before the end of Phase II, with a deliberate plan to institutionalize it over time as a biennial survey. Greater certainty of its regularity will assist with securing other partner financing, as well as potentially government funding, and will significantly help with	Disagree	Conducting two rounds of SNP surveys in the remaining time of program is deemed un-necessary. SNGP's experience shows that public opinion does not shift in a short interval and therefore undertaking a second survey within such a short time is not considered value for money.	-

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	building the use of Survey data by government and others.			
a	<p>It is also recommended that SNGP expand the expertise involved in the next two Surveys to ensure there is high quality and targeted planning for dissemination, public communications and other tactics to support use.</p> <p>Repeated under-spending of the approved budget, together with interest from other development partners (including the commitment from SDC) should make this feasible within the exiting budget window.</p>	Agree	The program will involve a wide range of experts in the design and implementation of the survey. It will also develop a robust dissemination and communication plan, and implement it accordingly.	January 2025 – December 2026
b	Further, the SNP should not be treated as a MERL activity. It is not an assessment of SNGP's achievements nor does it enable any analysis of the program's contributions. Rather, it is a contribution to Nepal's national knowledge base, a general public good available to all.	Partially Agree	Data from SNP is used as proxy indicators for monitoring SNGP, therefore, funding from the MERL budget will contribute to SNP.	-
R8	The team has made recommendations in response to some specific changes to program focus, and to the MERL system, but also recommends that the adaptive decision-making process also be refreshed to ensure there is a more robust, documented and evidence-informed basis for adaptive decisions.	Agree	The program will revisit its existing system and mechanism for the adaptive decision-making process and revive it for better documentation and more evidence based.	January 2025 – December 2026

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a	<p>A key feature which could enhance this aspect of the program would be an enhanced program advisory group, more fully constituted than the current loose grouping of individual specialists who are called on for specific tasks or advise. Instead, SNGP should consider creating a Strategy Advisory Group of men and women with diverse expertise and perspectives who can challenge the program and its strategic decisions. In this way, acting as ‘critical friends’ (not as an oversight or governance mechanism, though), the group could help ensure that program decisions are well-justified and align with an increasingly focused program in its final years. Several of the program’s existing ad hoc technical advisers may be ideal members of such a group, but other expertise would also be valuable, and the program should engage with the group regularly and systematically to seek their strategic advice and guidance.</p>	Agree	<p>The program fully acknowledges the importance of having a group of technical experts to challenge the program and its strategic directions and will identify technical experts to act as ‘critical friends’ for SNGP.</p>	January 2025 – December 2026