

# **ADB-ADBI Forum on Governance and Institutions**

## ***Governance and Service Delivery: Practical Lessons for Subnational Governments A Case Study on ADB's Support to Nepal***

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# Success of SDGs

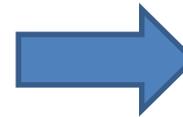
*Localizing* global agenda



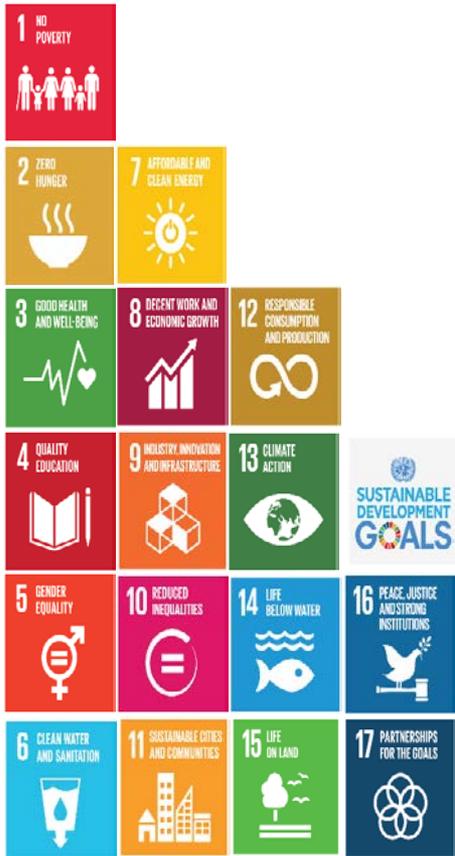
*Impact* on citizens through improved service delivery



Effective delivery mechanism



Strengthening local government



# Public Finance 101

- ❑ Subsidiarity Principle
- ❑ Tiebout (1956) “Voting with One’s Feet”



# Vicious cycle of service delivery



Poor state of municipal finances

Low infrastructure investment



Poor quality of services



Inability or lack of willingness to pay taxes / user fees

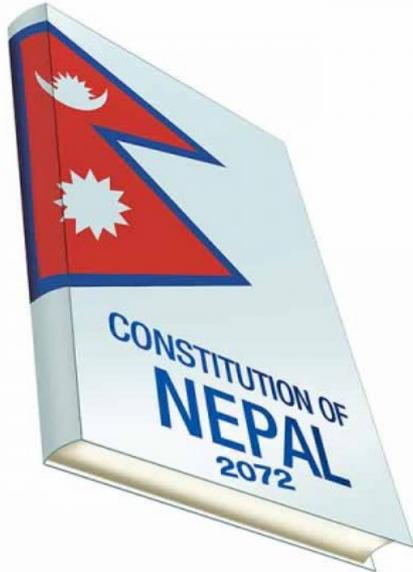


# Great Transformations

- Independence of East Timor - 2002
- Dissolution of the Monarchy in Nepal and creation of Federal System - 2008
- Establishment of Constitutional Monarchy in Bhutan - 2008
- Establishment of a Presidential Representative Democracy in Maldives - 2005
- Bifurcation of States in India – 2000, 2009

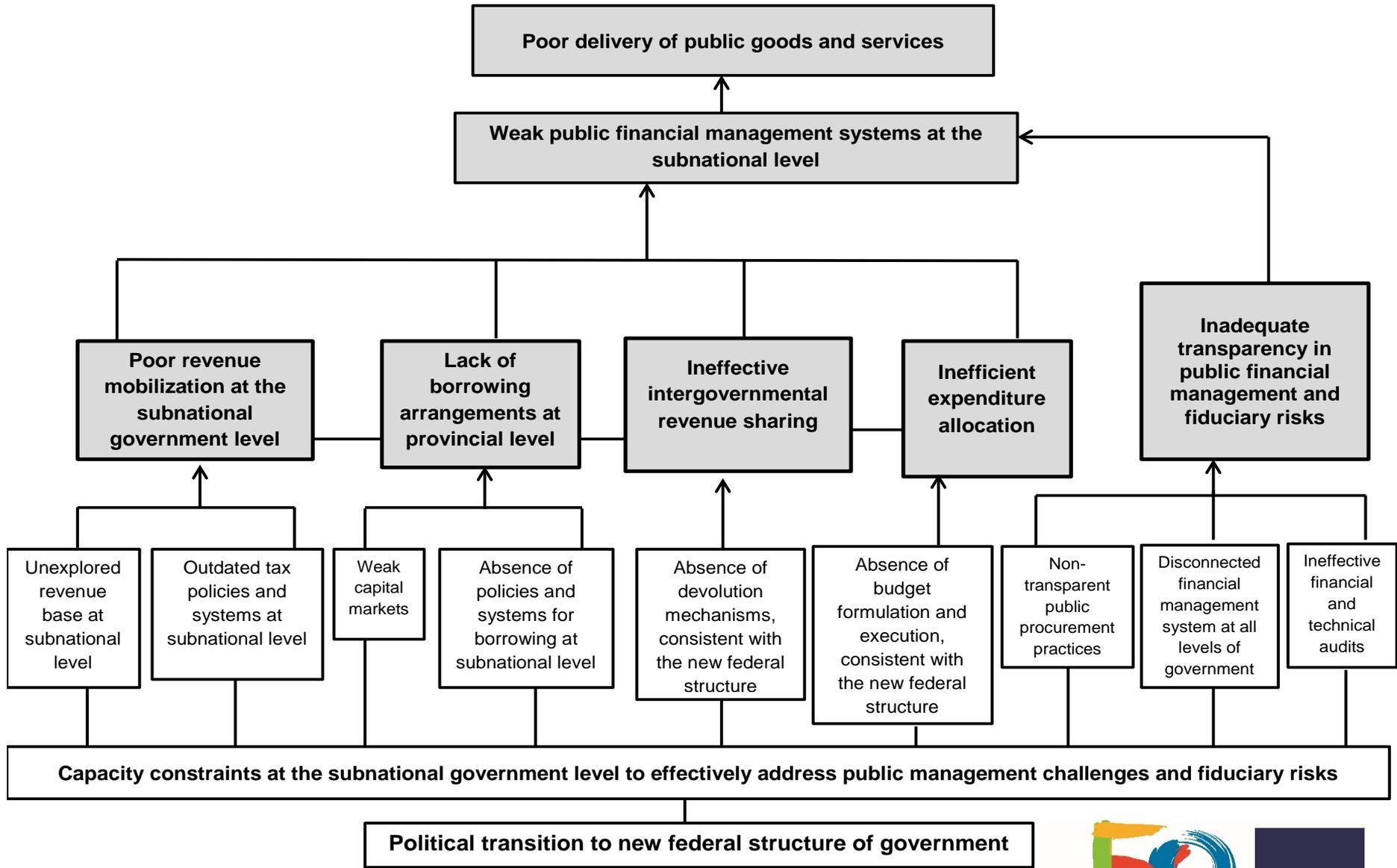


# New Constitution 2015



- (i) Unprecedented empowerment of subnational governments with expanded functions and expenditure responsibilities.
  
- (ii) Establishes three tiers of government  
(i) central, (ii) provincial, (iii) local.

# PROBLEM TREE





# Work Achieved

- ✓ **Municipal administration revenue system (MARS)** – *improved budget & financial management, increased revenue. To be extended to all new local governments (744).*
- ✓ **Electronic government procurement (e-GP) system** – *increased transparency and minimized corruption.*
- ✓ **Medium term budget framework (MTBF)** – *improve fiscal planning and management*
- ✓ **Sub-national PEFA/PETS assessments - PFM reform plan**
  - ✓ **Risk-based internal audit** – *aligned with an internationally acclaimed control model, accountability and ethical behavior.*
  - ✓ **Institutional development of NVC (corruption prevention measures)**



Thank you!

