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**SUOMI
FINLAND**

MEMORANDUM OF UNDERSTANDING BETWEEN

..... RURAL/MUNICIPALITY

AND

**MINISTRY OF FEDERAL AFFAIRS AND
GENERAL ADMINISTRATION**

For the Implementation of



**LOCAL ADAPTATION
TO CLIMATE CHANGE
LACC PROJECT**

Date:

Venue:

MEMORANDUM OF UNDERSTANDING

GENERAL

The **Local Adaptation to Climate Change (LACC) Project** is being implemented through a joint financial investment by the Government of Nepal and the Government of Finland, along with co-financing support from the European Union. A bilateral agreement between Nepal and Finland was signed on **May 21, 2024**, to facilitate the implementation of this project.

In accordance with the approved **Project Document**, the project aims to support climate resilience and mitigation efforts across the three tiers of government (**Government of Nepal, Sudurpashchim and Karnali Provinces, and selected local governments**). The project will focus on **land use planning and management, integrated water resource management, forest resource management, environmental conservation and management, climate change adaptation, and disaster risk reduction**. Locally proposed programs, approved by the **Project Supervision Committee**, will be implemented at the local level to contribute directly to these objectives.

This **Memorandum of Understanding (MoU)** is signed between **Rural/ Municipality, Rural/M Executive Office (hereafter referred to as "the Rural Municipality") and the Ministry of Federal Affairs and General Administration (hereafter referred to as "the Ministry")** for the implementation of the **Local Adaptation to Climate Change (LACC) Project** until **2029**, under the terms and conditions outlined below.

ROLES AND RESPONSIBILITIES OF THE LOCAL GOVERNMENT

1. The local government shall ensure the contribution share of co-funding required from the local government and user committees for the implementation of programs under the Local Adaptation to Climate Change Project.
2. The Local Government shall select schemes and activities under this project in accordance with the thematic areas outlined in the project document, including land use planning and management, integrated water resource management, forest resource management, environmental conservation and management, climate change adaptation, and disaster risk reduction.
3. Proposed schemes/activities and budgets must be approved by the local government council and submitted to the Ministry in the prescribed format and timeline.
4. The Local Government shall integrate gender equality, disability inclusion, and social inclusion (GEDSI) into project budgeting and implementation, while ensuring climate resilience, low-carbon development, biodiversity conservation, and environmental protection.
5. Scheme/Activity selection must align with the Local Government Planning Guidelines, 2078 (2021), and be incorporated into the annual budget and programs of the Local Government.

6. Priority should be given to schemes/activities that have long-term impacts and ensure maximum cost participation from the Local Government.
7. Scheme/activity prioritization must be based on periodic plans, sectoral plans, local project/scheme banks, medium-term expenditure frameworks, water use master plans (WUMP), livelihood improvement plans (LIPs), N-WASH plans, Local Disaster and Climate Resilient Frameworks (LDCRF), and other relevant strategies and plans.
8. Since multiple sources of investment may be involved in a single scheme/activity beyond this project, the local government shall be responsible for identifying those sources and maintaining a consolidated record of expenditures and reporting. The local government shall submit progress reports, including source-wise budget and expenditure details of co-funded projects, to the ministry on a monthly, quarterly, and annual basis. The Local Government shall submit monthly, quarterly, and annual progress reports, including budgetary details of co-funded schemes/activities, to the Ministry.
9. The conditional grant provided under this project from the federal government must be used exclusively for the approved schemes and activities.
10. If the Local Government undertakes activities that contradict existing laws or the approved project document, the Ministry reserves the right to withhold grant disbursement.
11. The Local Government is responsible for ensuring the quality of activities, conducting monitoring and evaluation, and facilitating financial audits as per legal requirements.
12. The overall responsibility for implementing the approved annual plans and budget shall rest with the consumer committees/groups, which shall sign a separate bilateral agreement with the Local Government in the presence of LACC project representatives.
13. The Local Government must allocate resources for project sustainability and maintenance in its annual budget.
14. The Local Government must form a Project Management Committee (PMC) to oversee project implementation, chaired by the Chairperson/Mayor of the Local Government. The composition of the PMC shall be as follows:
 - Chairperson/Mayor – Chairperson
 - Vice Chairperson/Deputy Mayor – Member
 - One female executive member – Member
 - Chief Administrative Officer – Member Secretary
 - Head of Infrastructure Development Division – Member
 - Heads of Agriculture, Forestry, Water Supply, and Cottage Industry Divisions – Members
 - Technical Assistance (TA) Advisor from the project – Member

Note: The quorum for PMC meetings shall include the Local Government Chairperson/Mayor, Chief Administrative Officer, Head of Infrastructure Development Division, and TA Advisor.

15. The Vice Chairperson/Deputy Mayor of the Local Government shall lead the Monitoring Committee, which shall oversee project activities in accordance with the project's monitoring guidelines.
16. The local government shall ensure the provision of adequate staff for the smooth implementation of project activities. The responsibilities, number, and selection process of these staff shall be as per the project implementation guidelines. For this purpose, the local government shall assign a trained and skilled permanent staff member to the relevant tasks

ROLE AND RESPONSIBILITIES OF THE MINISTRY:

- a. Coordinate among the three tiers of government and inter-agency bodies.
- b. Coordinate institutional structures as per the provisions of bilateral agreements.
- c. Manage the Secretariat of the National Project Director.
- d. Provide necessary support and coordination to local governments for the implementation of projects and programs under the project.
- e. Ensure coordination and decision-making for the implementation of decisions made by the Project Supervision Committee.
- f. Coordinate with the European Union and the Government of Finland for the effective implementation of the project.
- g. Oversee overall coordination, facilitation, monitoring, and guidance in project implementation.
- h. Facilitate resource mobilization, budget allocation, program selection, and implementation as per the bilateral agreement

INTEGRAL COMPONENTS OF THE MOU

The agreements made by the local governments with the Local Adaptation to Climate Change (LACC) Project Office, the decisions and guidelines of the Project Supervision Committee, and the project-related decisions made by the Ministry from time to time shall be considered an integral part of this Memorandum of Understanding (MoU).

FINAL DECISION BY THE MINISTRY

If any clause or provision of this **Memorandum of Understanding (MoU)** requires modification, amendment, or removal, it shall be clarified further in accordance with the provisions of the **bilateral agreement and project document**.

In case of any obstacles during project implementation, the **Ministry of Federal Affairs and General Administration** shall resolve the issues based on the recommendations made as per the decisions of the **Project Supervisory Board**.

On behalf of Local Government	On behalf of Ministry
Signature: _____ Name: Position: Chief Administrative Officer Office stamp	Signature: _____ Name: Position: Under Secretary Office stamp
Witness: Signature: _____ Name: Position: R/M Chair Office stamp	Witness: Signature: _____ Name: Position: Secretary/PPC Province Ministry Office stamp

Witness: Signature: _____ Name: Position: CTA Project stamp
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