

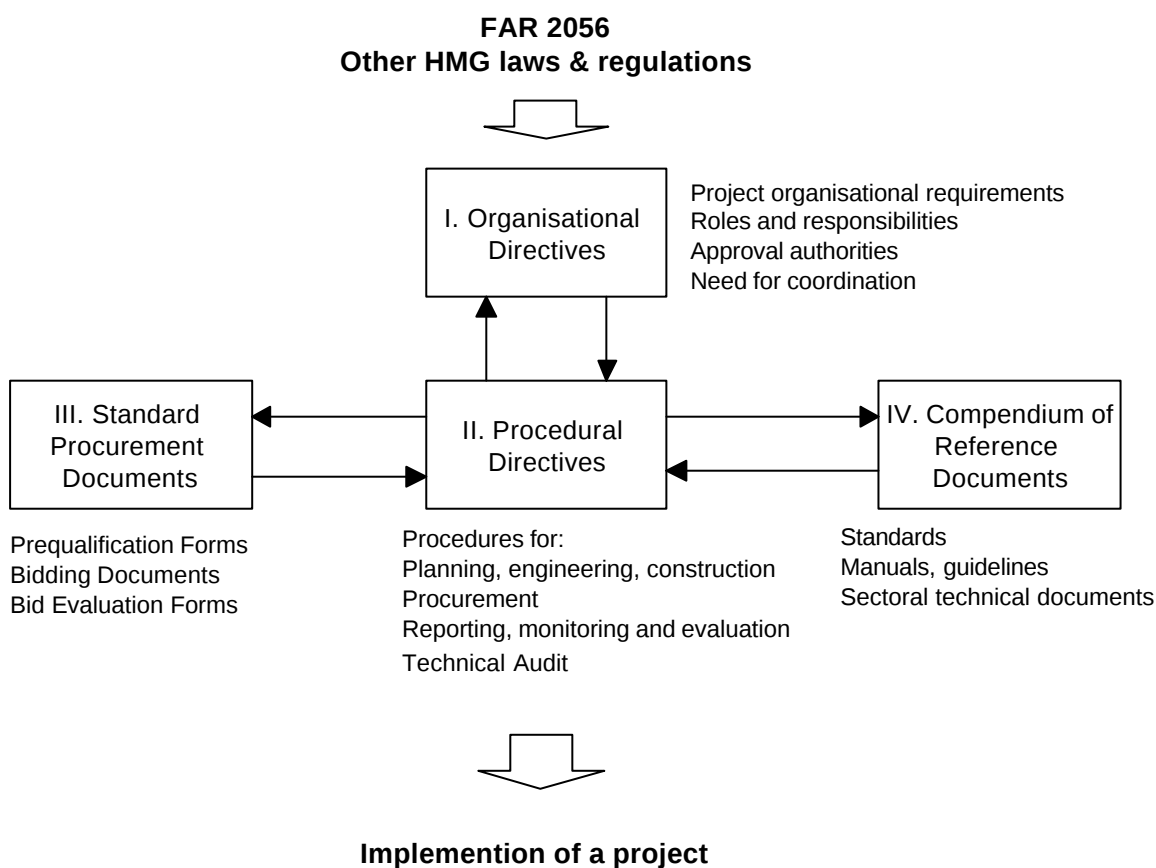
1. Introduction

1.1 Purpose and Organisation

Implementation of public works in Nepal is defined by a set of regulations and procedures, both formal and informal. The Financial Administration Regulation, 2056 (FAR) as amended in October, 2001 provides the principal financial and administrative regulations governing projects undertaken by HMG/N. During the framing of FAR it was recognised that the regulations do not cover the technical management aspects of planning, design and construction of public works, and FAR includes a provision for the preparation of a manual applying to the use of consultancy services and the construction of public works. The Public Works Directives (PWD) represent this manual and are intended to be consistent with the rules and provisions contained in FAR.

The PWD are divided into four parts, each in a separate volume. The relationship of the four parts is shown in Figure 1.1

Figure 1.1 Organisation of the PWD



Part I Organisational Directives

Part I has a single volume describing:

- Roles and responsibilities of government agencies, project personnel and committees involved in project implementation.
- Levels of authority provided by FAR for technical and financial approvals.
- Guidance in setting up an effective project organisation.

Table 1.1 Contents of Part I Organisational Directives

Subject	Details	Part I
Roles and Responsibilities of Executing Agency and Implementing Agencies	Planning Stage Implementation Stage Post-Implementation Stage	Chapter 2 Chapter 3 Chapter 4
Internal Project Organisation	Organisation Structure Project Manager and Staff Authorities	Chapter 5 Chapter 6 Chapter 7
Roles and Responsibilities of Supporting Agencies	HMG/N and Local Body Agencies Committees	Chapter 8 Chapter 9

Part II Procedural Directives

Part II has two volumes:

- Volume A contains general procedures which must be followed in all stages of project implementation, and the responsibilities for carrying out those procedures.
- Volume B contains specific procedures, guidelines and technical references for major sectors. These can be updated independently from the main directives when and as required.

Table 1.2 Contents of Part II Procedural Directives

Project Stage	Project Activities	Part II
Volume A. General Procedures		
Project Identification	Consultations & Pre-feasibility Studies	Chapter 1
	Environmental Screening	Chapter 4
Project Preparation	Feasibility Studies	Chapter 2
	Environmental Assessment	Chapter 3
	Social Assessment	Chapter 4
Project Appraisal	Appraisal	Chapter 5
	Approval	Chapter 5
	Budgeting and Programming	Chapter 5
Project Implementation	Project Implementation Plan	Chapter 6
	Engineering Design	Chapter 7
	Pre-Construction Activities	Chapter 8
	Procurement: Works	Chapter 9
	Goods	Chapter 10
	Consultants	Chapter 15
	Construction	Chapter 11
	Taking Over by Employer	Chapter 11
	Project Accounting and Inventory	Chapter 13
	Project Reporting	Chapter 14
Operation & Maintenance	Post-Construction Activities	Chapter 12
Project Monitoring and Evaluation	Monitoring and Evaluation of Project Benefits	Chapter 12
Technical Audit		Chapter 16
Simplified Procedures for Small Projects		Chapter 17
Additional Requirements of Donor-Assisted Projects		Chapter 18
Volume B. Sector Specific Procedures		
Strategic Roads Sector		Chapter 19
Agricultural and Rural Roads Sector		Chapter 20
Irrigation Sector		Chapter 21
Water Supply and Sanitation Sector		Chapter 22
Energy Sector		Chapter 23
Civil Aviation Sector		Chapter 24
Urban Sector		Chapter 25
Education and Health Sector		Chapter 26
Earthquake Considerations in Infrastructure Projects		Chapter 27
Guide to Environmental Assessment in Nepal		Chapter 28
Performance Evaluation of Consultants and Contractors		Chapter 29

Part III Standard Procurement Documents

Part III has three separate volumes for work, goods and consultants containing:

- Forms for prequalification, bidding and bid evaluation for procurement of works, goods and consulting services.
- Standard forms of contract for works, goods and consulting services.

Table 1.3 Summary of Standard Procurement Document

Document Name	Part III
Volume A. Works	
Standard Prequalification Document - Procurement of Works	Chapter 1
Standard Bidding Document, Procurement of Works - Large Contracts	Chapter 2
Standard Bidding Document, Procurement of Works - Medium Contracts	Chapter 3
Standard Bidding Document, Procurement of Works – Small Contracts (English)	Chapter 4
Standard Bidding Document, Procurement of Works – Small Contracts (Nepali)	Chapter 5
Standard Guide on Bid Evaluation	Chapter 6
Volume B. Goods	
Standard Bidding Document, Procurement of Goods - ICB	Chapter 7
Standard Bidding Document, Procurement of Goods - NCB	Chapter 8
Standard Bidding Document, Procurement of Goods - Sealed Quotations (English)	Chapter 9
Standard Bidding Document, Procurement of Goods - Sealed Quotations (Nepali)	Chapter 10
Volume C. Consultants	
Standard Request for Proposals - Consultants' Services for Large Assignment	Chapter 11
Standard Request for Proposals - Consultants' Services for Small Assignment	Chapter 12
Standard Form of Contract Complex Time - Based Assignment	Chapter 13
Standard Form of Contract Large Lump-Sum Assignment	Chapter 14
Standard Form of Contract Small Time-Based Assignment	Chapter 15
Standard Form of Contract Small Lump-Sum Assignment	Chapter 16

Part IV Compendium of Reference Documents

Part IV has a single volume containing:

- Listing and summary of all relevant HMG/N laws, regulations and recommended sector-specific technical standards and guidelines.

Table 1.4 Type of Documents in Part IV Compendium

HMG/N Documents	Acts Regulations Procurement Documents Standards and Guidelines
Donor and Other International Sources	Guidelines and Procurement Documents

1.2 PWD Users

1.2.1 Project and Department Personnel in HMG/N Line Agencies

The PWD are primarily intended for project personnel, by providing detailed instructions, approval requirements and authorities, sources of information and procurement documents needed to implement a project in all stages from identification to post-construction.

1.2.2 Supporting HMG/N Ministries and Departments

The PWD are also a valuable guide to other agencies involved in project implementation by describing the roles and responsibilities of supporting agencies and providing a uniform reference of all project-related HMG/N laws and regulations. It is important that HMG/N regional, divisional and district level personnel understand their roles and responsibilities in project implementation.

1.2.3 External Stakeholders

The PWD are valuable to stakeholders potentially impacted by a project and hence should be involved in project identification, planning and implementation. These stakeholders may include District Development Committees, Village Development Committees, users' committees and other community groups. The PWD inform these stakeholders of the procedures to be followed and clarifies their involvement in the planning and implementation processes.

1.2.4 Private Sector

The PWD are useful to contractors, suppliers, consultants and other organisations employed in project planning, design and construction. The PWD describe procurement procedures and provide sample prequalification, bidding and bid evaluation forms.

1.3 Compliance with Current Laws and Regulations

This version of the PWD sets out organisational and procedural directives which are intended to comply, with existing HMG/N laws and regulations. Wherever there are gaps or omissions in laws and regulations, the PWD follow what the authors consider to be "international best practices."

1.4 Definition of Public Works and a Project

1.4.1 Public Works

The term "public works" means any type of construction works to be completed on behalf of His Majesty's Government and body corporate fully undertaken by HMG/N pursuant to the prevailing laws and also include reconstruction and repairing/maintenance works.

1.4.2 Project

For the purposes of these directives a "project" is defined as:

"A specific infrastructure and social development activity with a starting point and end point intended to accomplish a specific objective"

A project has the following features:

- Objective: every project has a desired development objective(s) which should be defined quantitatively or qualitatively in such a way that achievement can be measured.
- Outputs: concrete, tangible products resulting from the completion of the project.
- Activities: actions or tasks undertaken during the implementation of the project.

- Inputs: resources required to execute the work such as:
Project organisation, management, personnel
Technical expertise in design, supervision, construction, operations and maintenance
Appropriate technical standards
Construction labour
Construction plant and equipment
Materials
Funds.
- Budget: the estimated cost of project resources, assigned to specific budget lines and allocated to the project.
- Schedule: the specified time period required for the completion of project activities.

These features in a project have a clear causal relationship. In a project inputs enable activities to be undertaken which will produce outputs which taken together will lead to the achievement of the objectives.

1.4.3 Programme and Plan

A programme normally comprises a series of projects. One or more programmes form part of a plan, for example a Five Year Plan, a sector plan or an area plan.

Donors' use of the term 'project' can sometimes be misleading. In donors' terms a project is normally a group of closely-related development works (e.g. construction works plus technical assistance) funded by a single loan.

1.5 Organisation of a Project

1.5.1 Executing Agency

In Nepal a distinction is made between the Executing Agency and the Implementing Agency. The Executing Agency has responsibility for the overall management of a project including production of project outputs, achievement of project objectives and accountability for the use of government resources.

The agencies and institutions normally responsible for project execution are:

1. HMG/N organisations: the concerned ministry, department, board or committee constituted by HMG/N for the project.
2. Local bodies: executive committee of the respective DDC/VDC and municipality.
3. Statutory bodies or state corporations: board of directors, managing committee or authority.

In addition, there are other agencies which have supporting roles in execution. These are the National Planning Commission, Ministry of Finance, Ministry of General Administration, Financial Comptroller General's Office and other sector agencies.

1.5.2 Implementing Agency

The Implementing Agency (or Agencies) is responsible for the procurement and delivery of specific project inputs and their conversion to project outputs. The Implementing Agency is usually a unit within the Executing Agency's organisational structure e.g. division, department, statutory authority, state corporation or a local body such as a DDC/VDC or a users' committee.

The concerned department may implement the project through a field office at the division/district level or establish a project office/project implementation unit for the duration of the project. In some projects a project implementation unit is established under the co-ordination of the Regional Director who is designated as Project Manager for all the projects that are being implemented in his region.

In donor-assisted projects a variety of implementation arrangements are used to manage the projects. Some agencies use a centralised project implementation committee that handles

several projects concurrently while others use a co-ordinating committee or a senior manager to oversee the project.

Whichever arrangement is chosen by the Implementing Agency, a Project Manager (Project-in-charge) is appointed to take direct charge of day-to-day implementation activities.

1.6 The Project Cycle

A project has separate stages, each with different activities which lead to the next stage until the project is completed. See Figure 1.2.

1.6.1 Project Identification

Project identification is initiated by an assessment of national/regional/district plans, or requests from local bodies, legislators, citizens groups or the private sector with the aim of defining the objectives and scope of a potential project. Pre-feasibility studies and social/environmental screening of alternatives are conducted before a commitment to proceed is made. This process evaluates the feasibility of potential projects before incurring the higher costs and level of effort required in detailed project preparation.

1.6.2 Project Preparation

Project preparation involves detailed feasibility studies (technical, economic, financial, institutional) and social and environmental assessments in order to define the project's objectives, rationale, scope and costs, and to assess its impacts on target groups, the environment and the economy. All practical options should be considered. The project preparation stage also determines how the project will be funded and implemented. It is normally carried out by the line agency responsible for the respective sector.

1.6.3 Project Appraisal and Approval

The studies, options considered, recommendations and project implementation plan developed in the project preparation stage are critically reviewed before the project is approved for funding. HMG/N (and any involved donor) appraise the project against a list of criteria (policy, technical, economic, financial, social, etc.) before giving approval.

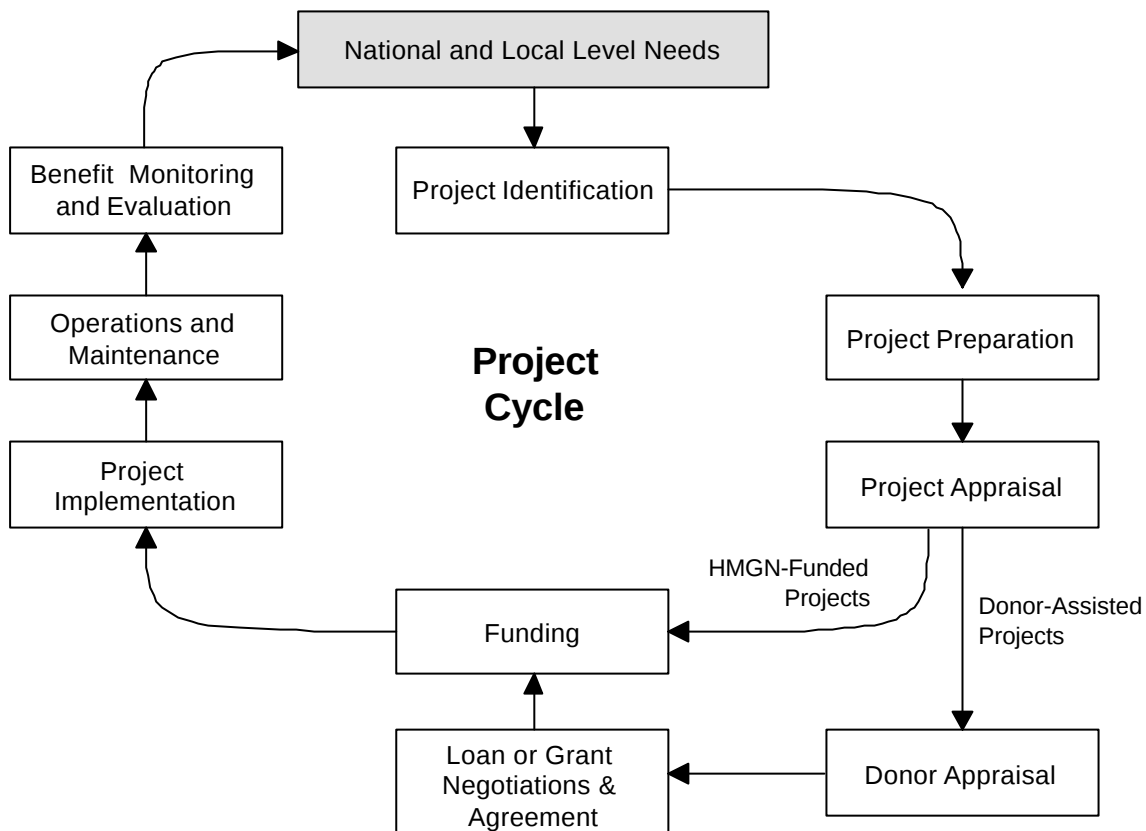
1.6.4 Funding

Once a project is approved by HMG/N, a budget is provided and the project is included in the programme of the executing agency.

1.6.5 Donor-Assisted Projects: Appraisal Negotiations, Agreement and Effectiveness Date

In donor-assisted projects, an appraisal is carried out by the donor. Usually, the donor has been involved in the project preparation stages so that the donor's support for the project is more or less assured. Negotiations are conducted between HMG/N and the donor to agree upon the terms and conditions of the project loan or grant, the sharing of funding and the method of procurement, after which the loan agreement is put before the donor's board of directors for approval. There is normally a period between the signing of the loan agreement and the loan effectiveness date when loan disbursements can begin, to enable the executing/implementing agencies to put into place the necessary project management and comply with any loan conditions.

Figure 1.2 The Project Cycle



1.6.6 Project Implementation

Upon release of funds, the project is implemented following a predetermined plan. Implementation normally involves final engineering design, preparation of tender documents, other pre-construction activities (e.g. land acquisition, approvals from other concerned agencies, coordination with other infrastructure), tendering, construction and/or installation of equipment. Non-construction activities may include training and institutional development. Implementation also involves project management, quality assurance, and progress reporting and monitoring, and the participation of target groups and other project-affected groups.

1.6.7 Operations and Maintenance

Implementation is considered complete when the project works are taking over by the concerned agency. But the project is not considered to be completed successfully unless provisions are made to operate and maintain the project works to adequate standards. This may involve training, introduction of operating and maintenance systems, supply of spares and assurance of adequate funding for operations and maintenance.

1.6.8 Benefit Monitoring and Evaluation

The final stage is ex-post monitoring and evaluation of the project works and their impacts and benefits to determine the extent to which the project's original objectives are being achieved. This provides information and guidance to future planning processes. Performance evaluations of the implementing agencies, contractors and consultants involved in the project are also included in this stage to provide feedback to the executing agency.

1.7 Projects Implemented by Local Bodies

The Local Self-Governance Act, 2055 (1999), the supporting Local Self-Governance Regulation, 2056 (1999) and Local Body (Financial Administration) Regulation, 2056 (1999) are

framed under HMG/N's decentralisation policy. This law and supporting regulations describe rules and procedures which apply to public works and projects carried out by district councils, village councils and municipalities. They are different than the procedures contained in FAR and other regulations which apply to the operations of HMG/N central government agencies. Local bodies implementing projects under the Local Self-Governance Act and Regulations are not required to follow these PWD. However, these PWD may provide a guide to local bodies for implementing the projects they undertake and therefore they are encouraged to adopt the guidelines, procedures, standard bidding documents and technical references included in these PWD as a matter of good project implementation practice.