

2. Roles and Responsibilities in the Planning Stage

2.1 Introduction

The principal agencies involved in the planning stages of a project include:

- National Planning Commission
- Ministry of Finance
- The executing agency, normally a line ministry
- The implementing agency, normally a department within the line ministry
- District Development Committees and Village Development Committees.

The general relationship between the different agencies in the planning stage is illustrated in Figure 2.1.

2.2 National Planning Commission

NPC has a major involvement in the planning of projects as follows:

- Prepares long-term development plans, strategies and visions.
- Prepares medium-term (five-year) development plan, policies and strategies within the framework of the long-term plan and vision.
- Formulates development programmes and assists HMG/N in their implementation.
- Provides guidelines, advice and suggestions to sectoral ministries, departments, other agencies and local bodies and assists them in the formulation of plans and projects.
- Explores internal and external resources as well as indigenous and foreign technology, and recommends suggestions to HMG/N to accelerate the pace of development.
- Reviews requests for new projects in respect of their conformance with the provisions and priorities in the five-year development plan and long-term plans (master plans) for the concerned sector and provides its approval or rejection.
- Approves new programmes and project proposals submitted by the sectoral ministries. In this process, it examines whether or not the proposed programmes/projects comply with the approved annual programmes and the government's existing policies and the five-year development plan's objectives and targets.
- Sets objectives, policies and criteria for prioritising development projects and programmes.
- Sends annual development budget ceilings approved by the Resource Committee to the sectoral ministries and agencies along with development budget preparation guidelines and forms for the formulation of the forthcoming fiscal year's development budget.
- Sends district development budget ceilings and guidelines to all the District Development Committees for the preparation/formulation of the forthcoming fiscal year's district programmes.
- Carries out inter-ministerial co-ordination.
- Issues circulars to concerned bodies to submit their development programmes and budgets as per limits and guidelines and within the specified time.
- Can make alterations to development programmes and the budgets prepared and submitted to MOF.
- Issues guidelines or directives, as necessary, on criteria for identification, screening, feasibility studies, and reporting on new projects based on feedback from past projects, policy considerations and research.

- The Technical Audit Branch conducts technical audits to verify the extent to which a project has followed HMG/N rules, regulations and the PWD, following the directives laid down in the Technical Audit Manual as approved by HMG/N.

2.3 Ministry of Finance

MOF's role and responsibility in the planning stage are as follows:

- In consultation with NPC, fixes the development and regular budget ceilings for each line ministry and prepares guidelines to be followed by the sector agencies while preparing their annual programmes and budgets.
- Negotiates and approves the donor-aided programme of assistance and individual projects in consultation with NPC, line ministries and other relevant organisations.
- Improves, updates and amends the Financial Administration Regulation (FAR) as per changes required for efficiency and effectiveness.
- Presents the regular and development budgets (after the approval of the cabinet) to the parliament for discussion and approval.
- Evaluates whether or not the proposed projects are within the capacity of the proposing ministry based on the previous year's performance.
- Reappraises within the framework of national policy the projects which have been appraised and submitted by the line ministries.
- Holds budget discussions with the line ministries and finalises annual budget amounts project-wise and budget head-wise for inclusion in the budgetary document.
- Adjusts the budget depending on the resources available.

2.4 Executing Agency (Line Ministry)

Even though NPC and MOF are responsible for finalising the long-term plans (5,15, 20 years), the annual programme and the required budget provisions, the line ministry is responsible for the following activities in response to requests from departments and other related agencies:

- Initiates project requests.
- Requests budget provision for project feasibility studies.
- Requests annual budgets for on-going and new projects.
- Approves district level annual programmes of projects already approved.
- May approve projects of an urgent nature costing less than NRs 1.5 million, informing NPC of the reasons why due processes of approval could not be followed.
- Provides data for ensuring quality, quantity and overall robustness of projects.
- Scrutinize the budget estimate and programme to check whether it is within budget limits, conforms to periodic plans and is result oriented and finalizes it.

2.4.1 Project Identification in Five-Year Plan

The ministry shall in line with the long-term development strategy, sector policies, and vision of the government, generate a list of projects that generate income and provide equitable development. The ministry shall consider the following:

- Development of sector master plans at central and local levels.
- Feedback and subsequent revisions in the master plan.
- Project requests through local bodies and political representations.
- Existing pre-feasibility/feasibility studies.
- Priorities in the master plan and other plans.

- Uniqueness of the project in terms of urgent relief, early benefits, funding availability, environmental inputs and sustainability.

The ministry shall submit to NPC the details of the following:

- On-going projects, their costs, time for completion and their priorities in terms of net present value (NPV) and internal rate of return (IRR).
- Maintenance and improvement of completed projects showing costs, time, NPV and priorities.
- New projects with costs, time, NPV and priorities.
- Projects that are not economically viable but socially urgent with costs, priorities, and time.
- Database of identified projects enlisting salient features of the project.
- Information dissemination.
- Feedback for future ministry plans and programmes.

The electronic record shall be maintained for all the five-year and annual project requests. Computer disks and hard copy shall be sent to NPC.

2.4.2 Project Preparation

The ministry shall ensure that the implementing agencies (e.g. departments) have sufficient planning units, manpower and adequate planning tools to generate and analyse the data and reports and to support NPC.

It provides a technical group or support to carry out detailed feasibility studies of the technical, institutional, economic and financial aspects of the project and to carry out the necessary social and environmental assessments.

It instructs division/district/project staff to develop the preliminary engineering design of the project specifying its objective, location, size, components costs, phasing, manner of execution, schedule and expected results of the project.

2.4.3 Project Appraisal

In collaboration with the MOF, the ministry carries out an appraisal of the project, reviewing all the aspects of the project and if necessary modifies and remodels the project.

2.4.4 Project Funding

In collaboration with MOF and NPC, the ministry arranges for including the appraised project in the five-year plan development budget or identifying funding from foreign assistance.

2.4.5 Annual Budget Requests to NPC/MOF

The ministry ensures that the implementing agencies (departments) consider the following in preparing and submitting their annual plans:

- On-going projects included in the five-year plan along with their status in relation to the plan period targets.
- Feasibility and pre-feasibility studies of the project.
- Justification for new projects not included in the five-year plan.
- Appraisal of projects for which feasibility studies have already been carried out.
- Priorities with reference to the five-year plan.

2.4.6 Annual Work Programme After Budget Approvals

Actual work programmes are prepared in detail within the annual budget approved for each project by the parliament. Executing agencies should ensure that the implementing agencies consider the following in preparing the annual work programme:

- The programme shall reflect the total project work to date and the work planned for the year and the timetable.
- The unit rates, time for completion, procurement process, specifications and design standards should match the expected levels of service and do not differ significantly among similar projects.
- Directives for annual plans are prepared so that uniformity, cost effectiveness and efficiency are well addressed.
- Annual work programmes are approved by the concerned ministry.

2.4.7 Project Implementation Plan

In collaboration with the Ministry of General Administration and MOF, the ministry obtains sanction of staff establishment and their placement in the project.

In collaboration with FCGO, it arranges for accountant staff required for the project and their placement in the project.

For co-ordination and eliciting co-operation from all concerned, it may form a coordination committee comprising representatives from all departments and ministries which will have an involvement in the project.

2.4.8 Institutional Arrangement

Each ministry shall establish a strong planning and monitoring division with adequate manpower, logistic support and appropriate incentive mechanisms.

2.5 Implementing Agency (Department)

2.5.1 Five-Year Development Plan Requests

The department's principal role and responsibility are:

- Develops criteria for review, analysis and prioritisation of projects requested from field offices employing computer based techniques.
- Estimates costs required for the selected projects
- Prepares a list of income growth-based and social needs-based projects and indicates their priority.

2.5.2 Annual Plan and Work Programme Requests

The ministry shall ensure that the departments or other implementing agencies under it are competent enough to maintain proper records in paper and electronic form so that annual plans are prepared and submitted to the executing agency in proper formats. Each department is responsible for:

- Prepares a prioritised list of on-going and feasible new projects within the current five-year plan.
- Prepares a list of on-going and new projects outside the five-year plan with detailed justification for their inclusion.

For each project based on the budget allocated in the Fiscal Year Amountwise Expenditure Details (red book):

- Prepares a trimester and annual work plan for each project.
- Ensures uniformity of standards and costs and the cost-effectiveness.

2.5.3 Institutional Arrangement

Each department shall establish a strong planning division/unit with adequate manpower and logistic supports.

Figure 2.1 Relationship of Different HMGN Agencies in the Planning Stage

