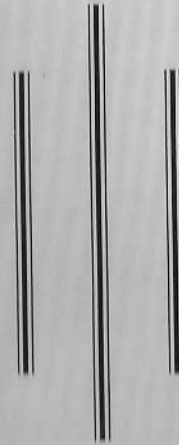


**Local Infrastructure  
Development Policy  
2061**



His Majesty's Government  
**Ministry of Local Development**  
Shrimahal, Pulchok, Lalitpur

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## **Local Infrastructure Development Policy, 2061 (2004)**

### **1. Background**

The Directive Principles and Policies of State incorporated in the Constitution of the Kingdom of Nepal, 2047 (1990) direct to provide maximum opportunities for peoples' participation in the governance through decentralization. Taking into consideration of this fact, provisions empowering local bodies have been incorporated in the Local Self-Governance Act, 2055 (1999) and Regulation, 2056 (2000). It is necessary that the local bodies have to take the responsibility of formation, implementation and operation of the plans for the development of infrastructure at the local level by way of decentralization and local self governance.

The central sectoral agencies of His Majesty's Government are active in the implementation of programmes relating to physical infrastructure, social development and environment. The said agencies have also adopted various policies and strategies to achieve the sectoral objectives. In this regard, National Housing Policy, 2053 (1997), Solid Waste Management National Policy, 2053 (1997), Agriculture Perspective Plan, 2054 (1998) for the development of agriculture sector, National Transportation Policy, 2058 (2001) for the development of transportation sector, Irrigation Policy, 2060 (2003) for the development of agriculture sector, Water Supply and Sanitation National Policy, 2060 (2003) in the water supply and sanitation sector are some of the worth to mention. Some of the existing sectoral policies and strategies have not been able to cover the programmes relating to local infrastructure development to be operated through the local bodies.

The Rural Infrastructure Development National Strategy, 2054 (1998) was approved by His Majesty's Government (Council of Ministers) in Mansir, 2054 (November 1997). This strategy had an objective of pursuing a widely accepted process in the implementation of the rural infrastructure development work coordinated by various line ministries, donor agencies and local bodies at their own way. The strategy has visualized institutional out line for ten years and also projection of necessary fund. As directed by the strategy the Department of Local Infrastructure Development and Agriculture Road was established under the Ministry of Local Development in Bhadra, 2055 (September 1998). District Infrastructure Development Office (at present District Technical Office) was set up under District Development Committee in Baishakh, 2058 (April, 2001) with the objective of operating Infrastructure Development Offices from one agency at the local level. While reviewing the overall objectives of the strategy, although the objective of this strategy was one door system and multisectoral purposes at the local level infrastructure development, it was found that in action it was mostly centered in rural road construction.

With the expansion of jurisdiction of Local Bodies in resource management and mobilization, after the commencement of Local Self-Governance Act, 2055 (1999), it is clear that there shall be significant contribution of the Local Bodies in the development of the country. As per the objective of making local bodies more active, people oriented and responsive under local self-governance system, a process of handing over, inter alia, the responsibilities of formulation of programmes relating to infrastructure development, implementation and thereafter necessary maintenance and operation to the Local Bodies, by devoluting the powers of the programmes operated by the central agencies in the past, has been pursued. In this connection, a harmony shall also be maintained between

the sectoral efforts of infrastructure development to be made by the central level and local level developments to be carried out by the local bodies.

Despite a long period of implementation of the Local Self-Governance Act and Regulation, because of lack of long term vision, non devolution of the functions relating to local infrastructure to the local bodies as per the spirit of decentralization, non preparation of clear concept as to what should be done in the rural and urban infrastructure, non achievement of qualitative out come from the infrastructure programmes to be carried out at the local level etc., it is felt necessary to have an overall review of the Rural Infrastructure Development National Strategy, 2054 (1997); and therefore, this Local Infrastructure Development Policy, 2061 (2004) has been formulated and introduced accordingly.

## **2. Definition of Local Infrastructure**

Local Infrastructure shall mean the plan, project and programmes relating to infrastructure development build and operation as well as maintenance to be carried out at local level. It shall include the following components:

### **2.1 Local Transportation**

The programmes relating to district and rural/ agriculture road, urban road, Helipad, suspension bridge, bridges falling on the district and rural road, culvert, tracks mude way, rope way, Tuin ( a kind of suspension bridge), cable car and rafting shall be fallen under Local Transportation.

### **2.2 Irrigation and River Control**

Programmes such as irrigation projects up to 25 hectare in the hills and 200 hectares in terai, ground water project like sallow tube well, roar pump, tradeller pump etc. and the river control of rivers,

streams and rivulets within one district shall be fallen under Irrigation and River Control.

### 2.3 Micro Hydro Power and Alternative Energy

Hydro power production and distribution up to 500 k.w. and all development programmes relating to alternative energy shall be fallen under Micro Hydro Power.

### 2.4 Water Supply, Sewerage and Sanitation

Programmes relating to water supply projects, sewerage and personal, domestic and community sanitation as well as the improvement of environment to be conducted at the local level shall be fallen under Water Supply, Sewerage and Sanitation.

### 2.5 Housing, Building and Urban Development

Following infrastructure shall be fallen under Housing, Building and Urban Development:

- Programme to put the scattered dwellings in a cluster under the rural dwelling development programme
- All activities relating to physical planning in the municipalities and town oriented areas
- Preparedness for disaster management and necessary public awareness programmes on the control of earthquake, flood, land -slide and fire.

### 2.6 Solid Waste Management

Programmes relating to collection, segmentation, transportation of the wastes of the town oriented Village Development Committee and Municipalities, compost plant and sanitary landfill site development and operation shall be fallen under this item.

### 2.7 Social Infrastructure

Programmes relating to construction, operation and maintenance of community and public buildings of local area (government offices, health, education,

community, recreational, archaeological, culture, religious etc.) shall be fallen under the Social Infrastructure.

## 3. Goal

Contribution shall be made in poverty alleviation by improving the social and economic conditions of the local people at their own initiation and participation.

## 4. Objectives

By means of physical and social infrastructure, the access of local people including women, disabled, backwarded oppressed, neglected and Dalit class to social service, economic opportunities and resources shall be increased.

## 5. Strategies

Following strategies shall be pursued to achieve the above mentioned objectives:

- D 5.1 Programmes relating to infrastructure to be operated by the line ministries shall be devoluted to the local bodies.
- I 5.2 Development of appropriate institutional structure and technical capacity shall be enhanced for the local infrastructure development
- 5.3 A concept and working style shall be pursued to mobilize local resources, means and skill in the local infrastructure development by means of people's participation.
- E 5.4 An effective utilization of available resources shall be made by maintaining harmonization among the donor agencies involved in the local infrastructure development.

## 6. Policy

Following policies shall be pursued to implement the above mentioned strategies:

D 6.1 To devolute the programmes relating to local infrastructure by the sectoral ministries to local bodies.

D 6.1.1 Functions and resources of local infrastructure shall be devoluted to the local bodies.

6.1.2 Central level and local level programmes shall be clearly classified.

PPP - D 6.1.3 A plan relating to complete devolution of local infrastructure shall be prepared.

6.2 To enhance an appropriate institutional structure and technical capacity building for the local infrastructure development

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O 6.2.1 Formation and conduct of local service shall be made for necessary manpower management in the local bodies. The technicians of the District Technical Offices shall work in deputation in the District Development Committees till the technical posts are fulfilled in sectoral sections by the District Development Committees.

6.2.2 Concerned infrastructure sections shall be established in the District Development Committees and Municipalities for local infrastructure development in a time bound basis on the basis of prescribed criteria as decided by the councils of such bodies.

O 6.2.3 The District Technical Office in District Development Committee shall function as a sectoral section for the management of local infrastructure development till the sectoral infrastructure section is set up in the local bodies. The District Technical Office shall, ipso facto, be removed as and when the Technical Section is formed.

HRD 6.2.4 A human resource development plan shall be developed and implemented during the tenth five

years plan for capacity building of the concerned institutions (District Development Committees, Village Development Committees, Municipalities, Consumer Committees, Construction Companies etc.) and for the enhancement of human resources. Necessary support shall be provided by the concerned departments/ ministries to the District Development Committees for capacity building of the sectoral sections.

O 6.2.5 The organization and working areas of the Department of Local Infrastructure Development and Agriculture Roads shall be reviewed once the powers and responsibilities of infrastructure development is handed over to the local bodies.

6.2.6 The Ministry of Local Development shall be a focal ministry on local infrastructure. Functions relating to policy formation, information management and dissemination, appropriate technology development and implementation, research and development of local infrastructure development and coordination between local bodies and sectoral ministries/ departments shall be done by this ministry.

6.2.7 In order to carry out the work relating to local infrastructure, the District Development Committees may receive the technical service from external sources too.

O 6.2.8 The criteria relating to the quality standard of the work of local infrastructure development shall be developed and implemented.

6.3 **To pursue the concept and working style for mobilization of local resources, means, skill in the development of local infrastructure by way of people's participation.**

6.3.1 The sectoral district infrastructure development plan shall be prepared and implemented on the basis of

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periodic plans of districts, towns and villages (such as: District Transport Master Plan, District Water Supply and Sanitation Plan, District Irrigation Plan etc.).

- 6.3.2 The priority of the project shall be made as per the sectoral district infrastructure development plan and such projects which may be completed in a certain period shall be selected on the basis of available resources and means and shall be implemented. While making such prioritization such projects, priority shall be given especially to those projects like local road and bridge, which are operated all round the year.
- 6.3.3 Infrastructure development programmes shall be operated by specifying level of service on the basis of local need geographical location and area, contribution to be made to the macro economic development and people's interest as well as the level of people's participation available.
- 6.3.4 In order to make local infrastructure sustainable and reliable a labour oriented, environment friendly, participatory work method shall be pursued.
- 6.3.5 Local Infrastructure Development Programmes shall have to be formulated and implemented to support the livelihood of local people by operating infrastructure plus activities such as social mobilization, awareness development, micro finance, micro entrepreneurship.
- 6.3.6 Maintenance action plan of the local infrastructure shall be included and implemented from the very stage of project formulation.
- 6.3.7 Concerned agencies/consumer committees shall be made responsible for the operation and maintenance of the local infrastructures on the basis of ownership.

- 6.3.8 Directives, criteria, guidelines shall be prepared and implemented as per the requirement in order to ascertain the standard by specifying the level of service relating to infrastructure development.
- 6.3.9 Involvement of the local bodies shall be promoted in the special programmes relating to infrastructure development to be operated by the central level.
- 6.4 To maintain harmonization among the donor agencies involved in the local infrastructure development**
- 6.4.1 The Ministry of Local Development shall mobilize foreign aid required for infrastructure development by maintaining uniformity and coordination among the donor agencies as per the concept prepared based on the existing foreign aid policy. For this purpose, a coordination committee shall be constituted consisting of also the representatives of the donor agencies.
- 6.4.2 The programmes to be operated in the local level with the assistance of donor agencies shall be included in infrastructure development.
- 6.5 Inter related Matters**
- 6.5.1 Programmes shall be operated, in order to ascertain gender mainstreaming in the field of local infrastructure development, by making women empowerment as a fundamental base.
- 6.5.2 Special arrangement shall be made to make benefited the economically most backward people from the local infrastructure development programme and for their involvement in such programmes.
- 6.5.3 Priority shall be given to make benefited the nationalities, Dalits (oppressed) and neglected communities from local infrastructure development

programmes and for their involvement in such programmes.

6.5.4 Non-governmental organizations, community based organizations and consumers group as well as private sectors shall have to make involved in the local infrastructure development as partner agencies.

6.5.5 Participatory programme formulation, implementation, monitoring and evaluation procedures shall be followed.

6.5.6 Access indicators shall be developed and implemented in order to operate the local infrastructure programme and make it qualitative.

## 7. Working Policy

The following working policies shall be pursued for the implementation of the aforementioned strategies:

### 7.1 Local Development Programme

His Majesty's Government shall, for the Village Development Committee, Municipality and District Development Committee level programmes, provide two types of lump-sum grant namely conditional and unconditional in yearly basis for the operation of infrastructure development programmes to be operated at the local level. The respective Councils of the Village Development Committee, Municipality and District Development Committee shall approve their programmes by developing programmes on the basis of the grant provided by His Majesty's Government and also internal resources.

Classification and definition of the local level works shall be as follows:

#### 7.1.1 Village Level Programmes

An annual plan prepared or to be prepared within the Village for the use of the people of Village

Development Committees and included in the periodic plan of the Village Development Committee and approved by the Village Council shall be referred as Village Level Programmes.

#### 7.1.2 Municipality Level Programmes

An annual plan prepared or to be prepared with the Municipality for the use of the people within the Municipality and included in the periodic plan of the Municipality and approved by the Municipality Council shall be referred as Municipality Level Programmes.

#### 7.1.3 District Level Programmes.

Plans, that are not included in the village level and municipality level programmes, prepared or to be prepared within the District for the use of the people within the District and included in the periodic plan of the District Development Committees and approved by the District Council shall be referred as the District Level Programmes.

## 7.2 Identification, Selection, Prioritization, Implementation of the Local Infrastructure Projects:

Identification, Selection, prioritization, implementation of the feasible projects of Local Infrastructure Development shall be done by the local bodies as provided for in the Local Self-Governance Act and the Regulation. After completion of construction work of the feasible projects the bodies, either themselves or with the involvement of beneficiaries shall perform the operation and necessary maintenance of the work.

### 7.2.1 Project Formulation and Design

The local bodies shall have to prepare a mechanism for the identification, selection and prioritization of the feasible projects of local infrastructure development as provided for in the Local Self-Governance Act.



- Programmes shall have to be developed and implemented as per the various sectoral local infrastructure development master plan having prepared it at the district level.
- In order to bring uniformity in the local infrastructure development project operation process, the matters such as project identification, pre-feasibility study, detailed study and design, quantity estimation, rate analysis, detailed project report, capital expenditure and operation and maintenance cost shall have to be included in the criteria.
- In prioritization of the projects such sectors shall be kept in high priority where more people be benefited, contribution is made to poverty alleviation, people's participation might be received, completion may be made in short time giving more benefit, more benefit may be made to the Dalits (oppressed), nationalities and backward class, and local resources are utilized.
- Before the operation of local infrastructure development project, preliminary environmental evaluation and environmental impact assessment shall be made as per the requirement and a process of project selection should be followed on the basis of the same.
- The directives shall be revised or rearranged in consistent with the provisions of the Local Self-Governance Act. Design and cost estimation and works supervision expenses shall be fixed not exceeding 5 per cent in the case a plan having estimated construction cost up to one million rupees and 3 percent in the case of a plan having above than that.

- For the purpose of procurement and supply of the goods, services and work required for the operation of local infrastructure development projects, a public works directive shall be prepared and implemented at local level.
- Facility shall be provided by constructing roads in such a manner so that the vehicles may ply all round the year to the maximum possible and up to such place where the access to the rural roads be in the walking distance of 2 hours and 4 hours in the tarai and hilly districts respectively.

## 7.2.2 Local Infrastructure Development Implementation Procedures

### 7.2.2.1 Project Construction Management and Supervision

The local bodies shall fix the procedures of project operation based on the available resources and means, benefit and cost of the project, local requirement, people's participation including a fix time framework for the completion of the project. Furthermore, priority shall be given to complete the successive projects.

The construction work shall be done through consumer's committees, local non-governmental organizations, community based organizations depending upon the nature, size, technology to be used for the construction of the project. Only the work which is technically complicated in nature shall be caused to be done through a contract.

The technical sectoral section shall be fully responsible for the construction management and supervision of the work of local infrastructure development project. The construction and maintenance of the local infrastructure shall be done in accordance with the Quality Assurance Plan.

#### **7.2.2.2 Operation, Repair and Maintenance**

Except in the project where maintenance is carried out by the consumers themselves, the local bodies shall have to allocate budget to the new projects only after the budget arrangement is made for the maintenance of existing infrastructures.

No new projects shall be operated without having made clear identification of the resources of required budget for maintenance and appropriate arrangement of its implementation.

#### **7.2.2.3 Monitoring and Evaluation**

A monitoring and evaluation directive shall be prepared and introduced in order to complete the local infrastructure development projects in the time basis and for quality assurance.

A regular supervision, monitoring and evaluation as well as trimester and annual reviews of local infrastructure development programmes shall be made. Emphasis shall be given for the effective operation of the infrastructure development programmes by exchanging the experiences of supervision, monitoring and evaluation in all local bodies.

A report of local infrastructure programmes shall be submitted regularly to the Ministry of Local Development and the Sectoral Ministry.

An action shall be taken in case the work is not completed within the timeframe as specified under the annual action plan and allocated amount. Such a provision shall be followed by all the central and local level agencies.

#### **7.2.2.4 Position Report**

An arrangement for forwarding the position report of local infrastructure development programmes to

the ministries and agencies concerned through the Ministry of Local Development, shall be made.

The local bodies shall make available the position report to the Ministry of Local Development and Sectoral Ministries / Departments in the following subjects ( trimesterly, semi-annually and annually)

- Physical and financial progress
- Social and environmental aspect
- Total expenditure
- Total income (His Majesty's Government/Foreign Aid)
- Internal / External Source
- Irregularities pointed out by audit and total expenditure of the audit period
- Monitoring done from time to time and its impact.

Similarly the District Development Committee shall receive the position report from all Village Development Committees and bring the reports in use after having analyzed them.

#### **7.2.2.5 Third Party Technical Audit**

A system of technical audit of the local level infrastructures by a third party shall be developed having based on the technical audit system already existed and to be implemented after being developed. Reports such as audit, technical audit, actions, opinion/suggestions made by Commission for the Investigation of Abuse of Authority shall be published.

#### **7.2.2.6 Social Audit**

Public and Social audit of the local infrastructure plans shall be made. The Ministry of Local Development shall assist the local bodies to develop and implement the public and social audit procedures.

### 7.3 Institutional Arrangement

#### 7.3.1 Coordination

The local bodies shall take the responsibility of formulation, implementation and monitoring of the plans by making the agencies working in the central level involved in the work such as policy formulation, technical support, monitoring and evaluation. The role of private sector, non-governmental organizations, community based organizations and consumers/communities in such work shall be enhanced and simplified as supplements and participants.

#### 7.3.2 Role of Central and Local Bodies

##### 7.3.2.1 Central Agencies

The central level agencies (National Planning Commission, Ministry of Local Development, Ministry of Physical Planning and Works, Ministry of Water Resources, Ministry of Science and Technology etc.) shall enhance the capacity of the local bodies, motivate in the implementation of devoluted functions and made available technical assistance on the demand basis. The Ministry of Local Development shall coordinate the ministry related to the function of local infrastructure. Role of the central level agencies shall be as follows:-

- To establish technical standard by preparing necessary norms, directives, specification, environment and social studies directives for infrastructure development programmes to be carried out in local level,
- To prepare and introduce a public works directives to be useful for the operation of local infrastructure development projects,
- To coordinate between the centre and local bodies in order to flow internal and external resources for local infrastructure development,

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- To develop and introduce directives criteria etc. for the preparation of sectoral plans such as District Development Plan, District Transportation Master Plan, District Water Supply and Sanitation Plan and to assist the local bodies in this regard on the basis of the demand,

- To coordinate with donor agencies mobilizing foreign aid,

*Project*

- To monitor and evaluate the implementation of the projects operated by the local bodies,

- To extend support to search and pursue appropriate measures for mitigation of the natural calamities in the process or local infrastructure development,

- To encourage to implement skill and technology based on traditional and local means and resources by searching and developing them,

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- To implement or cause to be implemented the human resource development plan having caused to be prepared it,

- To cause to be implemented sectoral criteria to ascertain quality of construction works having caused to be prepared it,

*on Process*

- To extend cooperation to study preliminary evaluation and impact assessment of environmental aspect of infrastructure projects on the demand basis,

*On process*

- To set up and develop a information resource centre for the information management and dissemination by collecting information relating to infrastructure development and to extend necessary assistance for setting up and operation of such infrastructure development and management information system

in the local bodies also. Furthermore, to do necessary work to ascertain information dissemination in the central level and local level as well.

- To make necessary arrangement to provide the progress report of local infrastructure development programmes devoluted to local level to the Ministries and Departments concerned in a regular basis.

### 7.3.2.2 Local Bodies:

- The local bodies shall be made fully responsible for the formulation, implementation, monitoring and evaluation, maintenance and operation of local infrastructure development plan.
- The local bodies shall have to concentrate their role in monitoring, supervision and evaluation by making the sectoral technical section fully responsible in the operating work by developing a system of plan formulation, implementation, monitoring and evaluation of local infrastructure.
- Accountability and transparency shall be increased in plan formulation, implementation, monitoring and evaluation, maintenance and operation.
- A system of involving beneficiary groups in maintenance and operation after the completion of the plan shall be developed.
- The Local Bodies shall play an important role in ascertaining infrastructure development by getting additional resources and means required from the agencies concerned having sent them reports relating to local infrastructure development and to utilize available resources at local level.

Role of various agencies in the development of local infrastructure shall be as specified in Table-1

Table-1 Responsibility Table

Activities	National Planning Commission	Ministry of Local Development/ Department of Infrastructure Development and Agriculture Road	Sectoral Ministries	Local Bodies Sectoral Technical Section
Plan Formulation and Policies	Direction relating to national vision for periodic and annual plans of the local bodies - Determination of Annual budget grant amount - Monitoring/Evaluation - Periodic Plan To maintain or cause to be maintained uniformity in annual plan formulation	- Policy making - Performance of business Monitoring/ Evaluation - Coordination with donor agencies - Preparation of directives format - Training and Human Resource Development - Research and Technology Development	- To devolute to the local bodies from 2062/63 (2005/2006) by preparing Devolution Plan - Assistance to the Ministry of Local Development and Local Bodies for the establishment of Plan, Design, Management and Coordination System	- Preparation, Review and Amendment of Periodic and Annual Plans of Local Level Infrastructure Services - Assistance to the Ministry of Local Development and National Planning Commission for the preparation of Directives Format
Design and Cost Estimate		To prepare or cause to be prepared the drafts of norms, standard, specification, directives manuals, for the infrastructure services of local level	To prepare or cause to be prepared norms and standards for infrastructure services of central level	- Specific norms, specification, standards Design - Entire design and estimation at project level - Preparation of Bye-laws, Directives and Procedure
Procurement and Supply		Coordination and Facilitation in improvement Acts, Policies, Regulations	Central Level functions and Drafting of Acts and Regulation	Provision of all local level functions
Construction		Monitoring and Evaluation	Monitoring, Evaluation and Technical Audit of central level business	Implementation of local level business
Public Private Partnership	Policy, Coordination and Simplification	Act, Regulation Drafting Classification, Quality and Cost management of the work relating to consumers	Act Regulation Drafting Classification, quality standard and cost management of the works relating to consumers	Proposal invitation and implementation
Organizational structure		Ministry/Department to be involved in project implementation	No district level general and development offices shall be remained	Local Bodies shall set up sectoral sections

### **7.3.2.3 Organizational structure of the Ministry of Local Development Offices thereunder.**

The organizational structure of the Ministry of Local Development and the Department of Local Infrastructure Development and Agriculture Road shall be improved for capacity enhancement of the Local Bodies with a view of enhancing the process of decentralization and playing a role of facilitator.

### **7.3.2.4 Human Resource Management and Development**

His Majesty's Government shall make an arrangement to depute the employees for civil service working at present in the technical offices under the Ministry of Local Development by posting them in Ministry/Departments in pool until the District Development Committees appoint the employees in the sectoral section. The employees working at present in District Technical Offices shall be adjusted in Local Service if such employees so wish, otherwise they shall be transferred elsewhere.

The type and number of the manpower available for the formulation, implementation and operation of infrastructure development plan being operated at local level shall be the basis for the positions of the sectoral section as per the provision of Local Service Act. In addition to this, the type of infrastructure to be operated at the local level is to be modified with the order of time and development, a certain type of expert manpower shall not be fulfilled in permanent basis but shall be employed in contract basis or by any other manner.

The creation and fulfillment of the positions required for necessary manpower in the local bodies shall be done by the local bodies as per necessary. All local bodies shall prepare a manpower development and management plan based on the availability of

resources and means and work load in the local bodies. A transition plan shall be arranged until the organizational structure is prepared.

A rural engineering unit shall be set up as per the professional principle. Such units shall extend important contribution towards the production of required technical manpower at different level and appropriate technology development for the local bodies having performed or caused to be performed such works as studies, research, consultancy service, awareness creation, preparation of training materials and conducting trainings.

## **7.4 Budget and Fund Operation Arrangement**

### **7.4.1 Budget Estimation of the Ministry of Local Development / National Planning Commission**

- His Majesty's Government shall inform the local bodies having confirmed the lump sum grant amount to be made available by it for local infrastructure by the end of the month of Kartik (Mid November) having done pre-estimation in a transparent manner. The percentage out of the lump-sum amount to be given to the District Development Committee shall be specified stating that what percentage of that amount is to be allocated to the Village Development committees for the village level plans and District Development Committees for district level plans.
- Such a projection shall be made in three years' cycle as per the midterm expenditure system and shall be facilitated the local bodies to formulate budget programme and on the basis of which the local bodies shall fix the projects of priority No. 1, 2 and 3
- In the case of municipalities the Ministry of Local Development shall provide directly the conditional or unconditional grant to the municipalities.

- The local bodies shall have to manage at least 10 percent internal resources, compulsorily, for the infrastructure development programmes.

#### **7.4.2 Annual Budget Estimate of Local Bodies**

The local bodies shall have to follow participatory plan formulation system pursuant to the provisions of the Local Self-Governance Act and shall have to complete plan formulation in due course of time.

The District Development Committees shall allocate the lump-sum grant to the Village Development Committees by determining transparent criteria for the allotment of the lump-sum grant to the village development committees.

#### **7.4.3 Annual programme of the Village Development Committees and Municipalities**

The Village Development Committees and the Municipalities shall select annual plans from the lump sum grant received from His Majesty's Government and other sources and after the approval of the concerned Councils, shall have to send the list of the projects in accordance with the provisions of the Local Self Governance Act, to the District Development Committee.

#### **7.4.4 Budget Provision**

The Ministry of Local Development shall, on the basis of fixed criteria, make up to date necessary statistics and criteria for the distribution of the annual lump sum grant to the District Development Committees, Municipalities and Village Development Committees on fixed criteria. The basis of the amount and other resources to be provided to the local bodies shall be as determined by the Local Bodies Financial Commission and His Majesty's Government.

A management shall be made for the allotment of additional budget to local bodies for local

infrastructure on the basis of resource mobilization and performance of works.

#### **7.4.5 Land Acquisition**

A process of land acquisition and transferring the ownership of the land to the project shall be established prior to commencement of the project implementation. A basis for livelihood shall be established to the fully displaced families by way of rehabilitation or by any other means.

#### **7.4.6 Budget Management System**

The grant of all donor agencies shall also be included into the lump-sum grant to be provided in each year to District Development Committees, Municipalities and Village Development Committees for the construction repair, maintenance and operation of local infrastructure.

The grant to be provided to the local bodies in accordance with the policies determined by the Local Bodies Financial Commission shall be forwarded to the District Development committee in lump-sum basis.

#### **7.5 Donor Agencies Assistance**

##### **7.5.1 Project Identification and Formulation of Plans**

The following matters shall be taken into consideration in regard to the selection of the plans as also districts and municipalities to be financed under the donor agencies assistance programmes:

- Sector/sub sector wise programmes rather than plan wise.
- Experience and Effectiveness of the donor agencies in the sector/subsector.
- Coordination, interaction and agreement among the donor agencies
- Over head cost of the projects

- Solid Criteria specified by the Ministry from time to time

The over head cost in the projects under the programmes of donor agencies cooperation shall be less than 20 percent of the total project cost.

#### 7.5.2 Fund Management

Although the donor agencies have different fund management system the account of the aid to be provided by them shall be maintained in accordance with the provision as stipulated in Local Self-Governance Act, 2055 ( 1999). Uniformity shall be maintained in the budget headings and the programmes.

#### 7.5.3 Private Sector's Participation

In the process of project operation or service providing operation, it shall be encouraged in such a way so that service shall be provided through the system of collecting direct service fees from the special sector or community or through the contract system without direct involvement of the local bodies themselves.

In order to encourage the capacity building of the private sector in construction work at the local level the power to classify the contractors above the existing 'D' Classes shall be delegated gradually to the local bodies and an arrangement for involvement of the consultants according to the public works Directives shall be made.

The private investors shall be gradually encouraged for the construction, maintenance and operation of all the local infrastructure development projects of small scale and short period in the first phase subject to the provisions of existing Ordinance to Provide Private Financing in Infrastructure and Public

Private Partnership Policy. A provision of built, operation and transfer as well as built and transfer shall be incorporated into the Local Self-Governance Act. A simplified directive for built, operation and transfer related to local infrastructure development shall be prepared.

The private sector shall be made involved in the management of local infrastructure operated by His Majesty's Government at present.

#### 7.6 Information Management and Dissemination

An Information Resource Centre shall be set up in the Central level and district level in order to make the data collection, procession, information design and dissemination, credibility and relevancy of information more reliable from local to central level and to make accessible the act of information dissemination by identifying the quality and necessity of the information users and the information to be disseminated.

#### 7.7 Technology Development and Management

Keeping in view the location of local infrastructure development project emphasis shall be given in the use of new technology in addition to traditional technology. The design of the project, to the extent possible, shall be simple, feasible to be maintained by the consumers community, based on local resources and materials and easily understandable. Participatory research and development programme shall be operated in order to develop an appropriate and sustainable technology. Special emphasis shall be given in the implementation of appropriate technology which is already settled by research and development.

#### 7.8 Gender Equality and Inclusive Development

As both man and woman have the primary responsibility in local infrastructure development,

special attention shall be given for gender equality in the formulation, implementation and operation of local infrastructure plans. Firstly, the principle of gender equality shall be recognized having been increased women's participation in the project and by reflecting women's interest in the development of the project for gender equality. The following strategies shall be pursued:

- To analyze the type of labour, quantity, access to resources and benefit to be contributed by woman, man and socially deprived class in the project.
- To increase the participation and involvement of female, male and socially deprived class in the formulation and implementation of the project.
- To conduct programmes which help in increasing awareness in regard to the benefit to be obtained from the project, in giving training, in increasing access to information, in increasing social understanding by enhancing participation of female, male and socially deprived class.

#### **7.9 Action Plan**

The Ministry of Local Development shall prepare and implement separate strategic plans and actions of the sectoral programmes relating to local infrastructure on the basis of this policy.

#### **7.10 Repeal**

The Rural infrastructure Development National Strategy, 2054 (1999) has hereby been repealed.

#### **7.11 Policy Review**

In order to make the Local Infrastructure Development Policy effective and up-to-date it may be reviewed in each 5 years.

**The End**