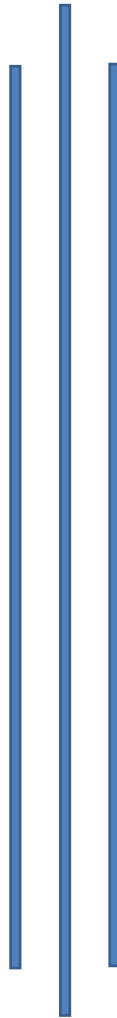


# Planning system, authorities, and process in Nepal



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## Table of Contents

Acronym:.....	iii
Planning levels, authorities, and processes in Nepal:.....	1
National level: .....	1
Provincial level: .....	1
Local level:.....	2
Vertical and horizontal linkages between different tiers of Government during the planning process: .....	2
(Spatial) Planning in overall Planning Process: .....	4
Strength and Weakness of Spatial Planning System:.....	6
References: .....	7
Annex: .....	8

## List of Figures

Figure 1: Vertical and horizontal relationship between three different tiers of government (Adhikari, 2021) .....	3
Figure 2: Spatial Planning Process (Devkota et al., 2021) .....	5
Figure 3: Role of Provincial Planning Commission of Spatial Detailing of the national plan (Mainalee, 2021) .....	6

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## Acronym:

MOFA	Ministry of Foreign Affairs
SDGs	Sustainable Development Goals
CBS	Central Bureau of Statistics
NDC	National Development Council
NPC	National Planning Commission
PDC	Provincial Development Council
PPC	Provincial Planning Commission
PCC	Provincial Coordination Committee
LL	Local Level
DDC	District Development Committee

## Planning levels, authorities, and processes in Nepal:

Nepal was declared a Federal Democratic Republic on May 28, 2008, after 240 years of monarchy system by the newly elected Constituent Assembly. Therefore, currently, the state is headed by the President and the Government is headed by the Prime Minister (Ministry of Foreign Affairs Nepal MOFA, n.d.). The whole country is divided into 7 different provinces and 753 local governments entities which includes 293 municipalities and 469 rural municipalities (Mainalee, 2021). As a result, the authority of planning is hierarchically distributed in three different levels of government which is explained in detail below.

### National level:

Nepal has been practicing formulation and execution of five (5) years development plans since 1956. In general, the National Planning Commission (NPC) is the main actor to set the national development goals with reference to the broader policy guidance of Constitution. The NPC also takes into account the commitments and declarations made by the government to the public, the responses of the previously formulated and executed periodic plans, international commitments like the United Nations' Sustainable Development Goals (SDGs), evaluation of development indicators, analysis of public needs and availability of resources. The main objective of formulation of periodic plans is achieve national goals assigning roles and responsibilities of sectoral ministries and other authorities to accomplish them. There are other institutions such as Cabinet, Resource Committee, Steering Committee, Ministry of Finance, Ministries of Taskforce, Sectoral Committee, Line or Sectoral Ministries, their divisions and other entities which work under the framework of NPC (Adhikari, 2021).

The NPC is chaired by the Prime Minister. The vice-chairperson and other (six) members including at least one female are appointed by the government. One of these members, entitled "Director-General" also heads the fully staffed Secretariat. The commission also includes one Chief Secretary and one Finance Secretary. The Central Bureau of Statistics (CBS), a national statistical organization of Nepal roles as a special entity of the NPC Secretariat (Adhikari, 2021). The NPC is focused to formulate long-term development plans and policies for promoting sustainable development in Nepal. In sum up, the NPC sets national level goals, makes national policies, and plans and guidelines to implement them, harmonizes all tiers of government, and makes guidelines for monitoring and evaluation (Adhikari, 2021).

### Provincial level:

The Provincial Planning Commission (PPC) is the major planning body in Provincial level whose responsibility is to prepare overall development plans for the provinces under the legal authority of the Provincial Government. The major strategy of the PPC is to make plans to meet the national targets set by the NPC in different sectors. At the same time, it also should play a vital role to translate the national development goals and policies into plans/programs and projects formulated by the Province and Local units (figure 3). Meanwhile, the PPC also act as a hub or coordinator between national and local level planning entities. The PPC is chaired by the Chief Minister. The Commission also includes Province Government appointed vice-chairperson and other members in a similar fashion as of the NPC (Adhikari, 2021).

## Local level:

Local Level (LL) is the functional part of the whole planning system. There is a special act “Local Government Operation Act, 2017” under which the roles and responsibilities of the Local level government units are explained. The Local Level (LL) makes mid/short-term, periodic, and local development strategies to perform these specific roles and responsibilities. The LL prepares local level development plans, functional projects, and programs, which includes cost estimation in unit level on the basis of policy and guidelines provided by PPC and NPC. It also engages in project implementation, monitoring and evaluation. There are other helping units such as the Revenue Projection, Budget Ceiling Determination Committee, and the Budget and Program Formulation Committee to guide the Local Level unit for formulation of local level periodic plans and short/mid-term development strategies. The municipalities are the local level government entities so these units are coordinated in presence of the Chief of Local Level (Mayor). The members of Local Planning Unit includes Deputy Chief, Planning Expert, two Representatives from ward committees and a Planning Officer as a member secretary (Adhikari, 2021).

## Vertical and horizontal linkages between different tiers of Government during the planning process:

The guiding principle of overall planning process is to assure the linkage between the decentralized development plans with the National Strategy and Sectorial development goals. Meantime, the overall planning should also be able to ensure the linkages between different intra and inter agencies which should ultimately synchronize with the local government planning framework. Initially, all the roles and responsibilities are assigned to the federal, provincial, and local governments according to the constitution of Nepal, 2015 and some of these roles and responsibilities are independent and some are shared between them. Therefore, it is very essential to maintain inter-governmental coordination (Adhikari, 2021; Devkota, Shrestha, & Ghimire, 2021).

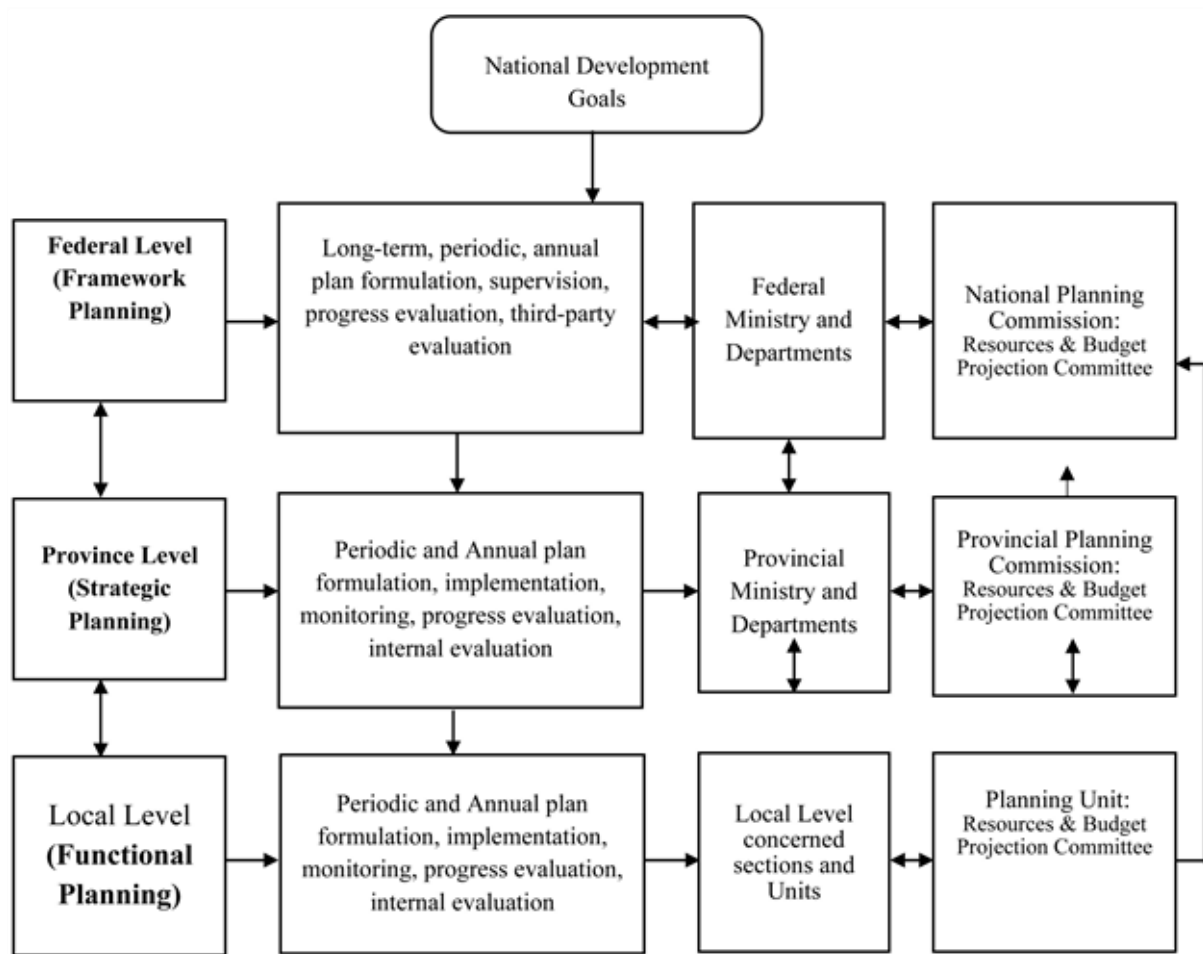


Figure 1: Vertical and horizontal relationship between three different tiers of government (Adhikari, 2021)

For the planning process, at first, the National Development Council (NDC) which is chaired by the Prime Minister defines all national goals and objectives. Participants, especially the Chief Ministers and Finance Ministers, from all Provincial government also join the council. The setting of budget ceiling and designing guidelines and directives to implement of both national and provincial level development plans at local level is done in coordination of NPC and PPC. The Federal Government is responsible to allow third party evaluation and effectiveness study of all plans at all levels. Meanwhile, they also prepare a common standard operational manual to formulate, and implement plan, evaluate impact, and enhance human resources capacity. A comprehensive integrated coordination framework is also prepared at the same forum which links all development projects in a web fashion and is distributed to all levels of governments (Adhikari, 2021).

Secondly, the Provincial Government plays an intermediary role to connect the Federal Government with the Local Government. According to the Local Government Operation Act 2017, there is a provision to make a Provincial Coordination Council (PCC) to review, monitor and supervise the development activities. This council is led by the Chief Minister as a coordinator and the members includes all ministers from the province. The representatives from Local Level Government such as District Development Committee (DDC), Mayors and deputy Mayors of all Metropolitan, sub-metropolitan, Urban and Rural municipalities also join the council. The PPC coordinates with local government entities and help design and implement

plans within their territories. Meanwhile, the PPC reports after the monitoring and evaluation of plans to the NDC (Adhikari, 2021).

Local Level Planning Unit is the service delivery unit and have more responsibilities than others as they are directly connected with the local people/communities. Their major responsibilities are to protect, maintain, and coordinate all types of projects and programs within their territory following the guidelines provided by the upper-level planning entities. The local level unit is responsible for baseline data collection and compilation and sharing it to the province and federal level governments. It is the prime responsibility of local level unit to involve the local stakeholders and end users in formulation of local plans. The smallest local government units in Nepal are Municipality wards which are contacted and inter-connected in development plans by the local planning units (Adhikari, 2021).

### (Spatial) Planning in overall Planning Process:

The actual spatial planning process takes place at the Provincial Level which is the hub between the Federal and Local Government. At first, they publish an overview of economic situation of the province which basically includes socioeconomic indicators, status of physical infrastructures, sectoral statistics, potentialities, challenges, and opportunities for development within the province. Suggestions from different stakeholders, political leaders, and private sectors are collected and an approach paper for the province is prepared and shared with the NPC. Once the paper is reviewed; it is approved by the provincial Council of Ministers. Then the sectoral ministers make their detailed sector plans and policies and submit it to the PPC who then draft the provincial plan including objectives, strategies, sectoral policies, layout of plans, and implementation strategies. Once again, the draft is discussed with the stakeholders and is submitted to the PDC. After making necessary amendments, the plan is submitted to the provincial Council of Ministers, and hence approved for further processing (Devkota et al., 2021; Mainalee, 2021).

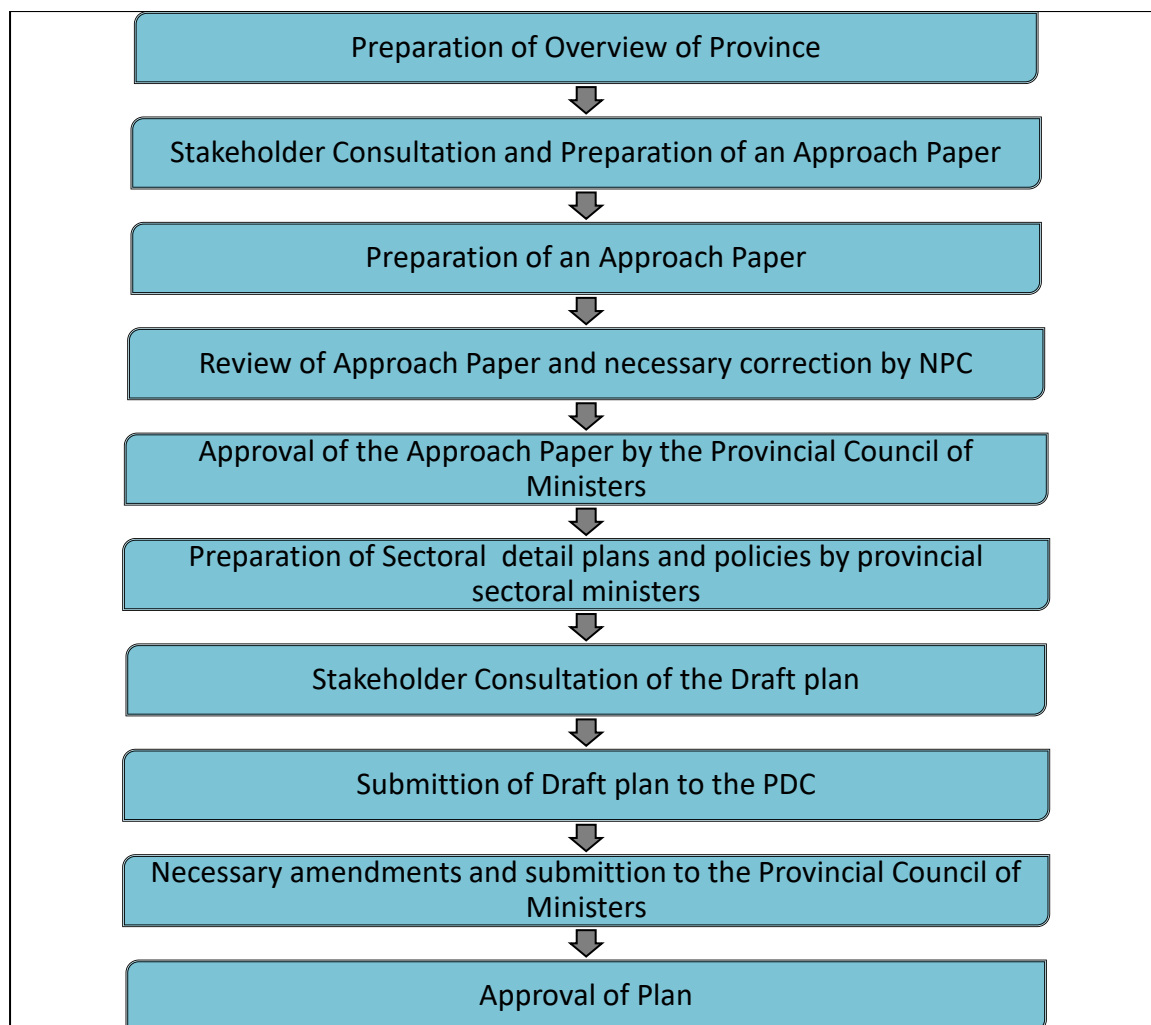


Figure 2: Spatial Planning Process (Devkota et al., 2021)

Particularly, while preparing the detail spatial plan, the international commitments and Macro Indicators are considered. These plans are then provided to the local (municipal) level for execution. The municipalities at the lowest level of planning process actually prepare their implementation plans. Different municipality wards which consist of ward coordination committees and local stakeholders are consulted for the implementation plans (Mainalee, 2021).



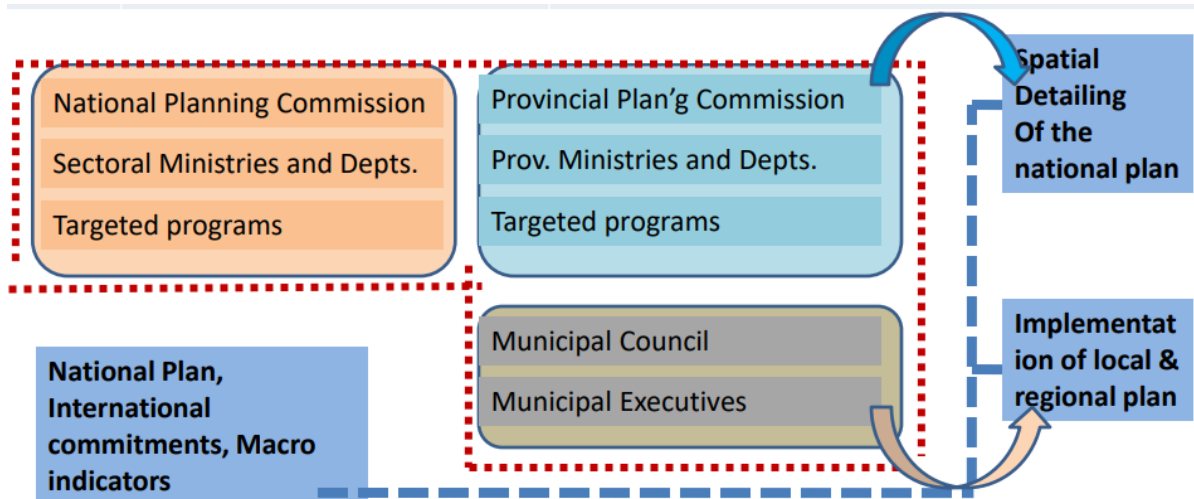


Figure 3: Role of Provincial Planning Commission of Spatial Detailing of the national plan (Mainalee, 2021)

There are some acts and guidelines for planning legislations under which the overall planning system and process works in Nepal. They are:

- Constitution of Nepal, 2015
- Urban Planning and Development Act, Building Code for Nepal, 2015
- Land Act (fifth amendment) 2002
- Local Government Development Planning Guideline, 2014
- Local Government Operation Act 2017

## Strength and Weakness of Spatial Planning System:

The Planning system in Nepal is systematically arranged in three different levels. The highest authoritarian level for framework planning, the mid-authoritarian level for the strategic (spatial) planning, and the lowest authoritarian level for the functional or implementation planning. Being in such an arrangement, there are some strengths and weaknesses of the planning system itself. The major strength of the Spatial Planning System in Nepal is the well-organized government entities and their well-assigned roles and responsibilities which makes the planning process easy and effective to deliver the designed objectives. The planning process is top-down but at the same time, the lower-level entities are directly involved in each planning forums at each level, so the interests, needs and opinions of the local citizens are addressed in the planning process. The provision of vertical and horizontal linkages between different levels of government and their entities is another strength of the planning system. There is a common standard framework under which every government level and their entities work. Likewise, all local level government units follow a common guideline and framework for planning, implementation, monitoring, evaluation and monitoring which maintains uniformity for data collection, data compilation and data registering. It helps to easily compare between different spatial locations and between different sectors. As mentioned earlier, the process begins with the top-down approach setting goals at national level. Although it involves consecutive lower-level government representatives and planning entities in each planning and coordination forums (for example, Chief Ministers and Secretaries from the Provinces in National Planning Forum), the influence of local citizens to the planning process and decision making is not so strong. Therefore, the planning process in Nepal is more authoritarian than democratic. Likewise, while preparing the spatial plans at provincial level, the provincial sectoral ministers

are given responsibility to make their sector-wise spatial plans but there is not mentioning of integration between different sectors. For an example, the road construction, electricity distribution and water supply services are handled by three different ministries, and it has been observed that the road construction or extension projects are often halted or delayed due to lack of coordination between these Ministries. Therefore, the planning process is also highly sectorized in Nepal.

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## Annex:

**Table:** Institutions and entities involved in the planning process in Nepal (Adhikari, 2021)

S.N.	Institutions/entities	Roles
1	National Development Council (NDC)	Broadly directs the overall planning
2	National Planning Commission	Formulates plans based on the direction of NDC
3	Line Ministries	Sets sectoral targets and priorities, strategies, objectives and working policies
4	Ministry of Finance	Projects the resources and facilitates the overall planning process
5	Ministers' Council (Cabinet)	Approves and executes the plan

**Figure:** flow chart of National Policy Framework by responsible agencies (Adhikari, 2021)



**Figure:** Policy Translation between different planning commissions (Adhikari, 2021)

