



## **EMPIRICAL ASSESSMENT OF USERS COMMITTEES FORMATION AND CONTRACTUAL PROCESS FOR PROJECT IMPLEMENTATION**

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### **Abstract:**

The bottom-up approach involving decentralization of planning and policy formulation has become popular in developing countries in last two decade. Local Government Agency (LGA) projects are planned and implemented by applying variable degrees of project management processes ranging from formal to informal. The overall objective of the study was to empirically assess Users Committees (UCs) formation and contractual process adopted at Bhaktapur district of Nepal. The primary and secondary data and information were collected through different tools as questionnaire survey, Informal Consultations, Key Informant's Interview, Checklist and field visits. The information collected from the UCs members through the questionnaire and the consultations. The data were also collected from the Engineers, Sub Engineers, Planning officers, Assistant planning officer, Account Officer, Accountant, Store keeper employed in the DDC and District Technical Office Bhaktapur through questionnaire. Five numbers of Informal Consultations were conducted at each sector of the project location involving UCs and beneficiaries. Furthermore, the key Informant's Interview was taken with the Local Development officer and Senior Divisional Engineer. The UCs formation in 80 percent of the construction projects was after the publication of notice by VDC or Municipality for the attendance from among the beneficiaries of the project. UCs in most of the projects of DCC was formed by the general mass meeting of local beneficiaries without political interferences or biases.

**Key Words:** Local self Agency, Planning, Formation & Contract

### **Introduction:**

Construction projects in Nepal have been implementing through User committees. The construction projects are of different natures including river control, construction of school buildings and furniture, drinking water facility and irrigation channels, roads and culverts and so on. UCs was allowed to undertake a project costing up to NRs. 6 millions. Recently, with the 5<sup>th</sup> amendment of Public Procurement Regulation 2007 (PPR), the projects costing up to 10 million can be implemented by UCs (GoN, 2007).

In general, the estimate and design of the construction projects are prepared by the DTO/DDC technicians following the standard norms and specifications. The DTO/DDC technicians are responsible for the quality of the construction works. The DDC has overall responsibility of project management from the initiation phase to the termination phase. Though the project performance (quality, time, transparency, supervision and monitoring, etc), implemented through UCs have raised serious issues in the annual review programme or in public hearing.

With the promulgation of the new constitution in 2015, a three-tier governance system was introduced, with national, provincial and local levels of governance. The new local levels were formed by changing the existing cities and village development council and came into existence on 10 March 2017. Following the 2017 local elections in May and June, however, that the notion of local governance has been significantly changed, and those local bodies are no longer in existence (Bhusal, 2017). A Local Body Restructuring Commission proposed 719 local structures which was revised to 753 i.e. 6 metropolitan cities, 11 sub-metropolitan cities, 276 municipalities and 460 rural municipalities. Reforms have introduced 'local governments' for the first time in the country. These newly created local governments have been unprecedentedly empowered to exercise executive, judiciary and legislative powers at the local level (Bhusal, 2017). All old 75 district development committees (DDC) are also replaced by new 75 District Coordination Committee (DCC).

### **Objectives of the Study:**

The overall objective of the study is to analyze the formation and contractual process of Users Committees in District Coordination Committee with empirical example of Bhaktapur district of Nepal.

### **Methodology:**

**Study Area:** Bhaktapur District located in the eastern part of Kathmandu valley. The district was replaced by 4 municipalities on 10th March 2017 which are Bhaktapur, Changuarayan, Madhyapur Thimi and Suryabinayak Municipality. Thus afterward from 10th March 2017 District Development Committee (DDC) was replaced by District Coordination Committee (DCC) Bhaktapur. Previously the DDC had been an executive agency implemented the construction projects of different sectors. The DDC has been executing the construction work through different modalities i.e. Contractor, NGOs, CBO and Users Committees etc. The study is solely the project management practice in DCC Bhaktapur implementing through UCs.

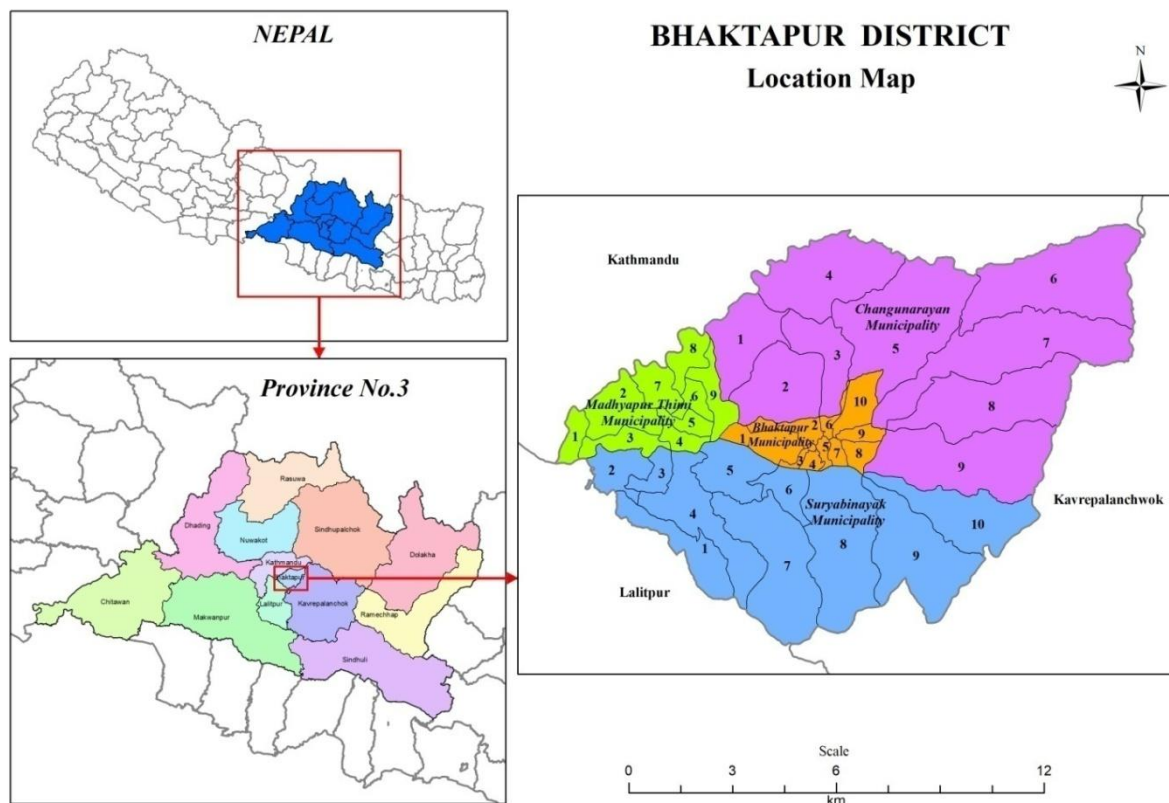


Figure 1: Location Map of Bhaktapur District

**Target Population:** All the construction projects implementing through Users Committees in Fiscal Year 2013/14 to 2015/16 in the DCC, Bhaktapur are considered as target population. The total number of construction projects implementing through UCs in the three fiscal years were 526.

(Source: Planning section, DCC, Bhaktapur)

**Sampling Unit:** The construction projects implementing through UCs having budget equal to or greater than five (5) lakhs are taken as sampling unit. The number of construction projects through UCs  $\geq 5$  lakhs in the above fiscal years was 101.

(Source: Planning section, DCC, Bhaktapur)

**Stratified Sampling (Sector Wise):** All the construction projects through UCs have been divided into five sectors. They are as under:

- Irrigation sector
- Trail bridge ( Truss bridge)
- Water Supply
- Roads
- Other community Infra-structure

The total number of irrigation projects  $\geq 5$  lakhs in the above fiscal year was only three. Hence 3 numbers of projects from each sector had been selected. The selection is based on area sampling technique. The projects under the sectors road and other community infrastructure are selected considering the different budget headings. The projects selected for study in DCC Bhaktapur are as shown in the selected projects for study in Bhaktapur is shown in the map as in figure 2.

**Data Collection:** The primary and secondary data and information were collected through different tools as questionnaire survey, Informal Consultations, Key informant interview, Checklist and field visits.

**Primary Sources of Data:** The primary data were collected from the UCs members, the officials involving in the projects through UCs. 3 to 4 numbers of UCs members were selected from each of the construction project. The selection of the respondents from UCs was based on availability in the project area. The information collected from the UCs members through the questionnaire and the consultations. The data were also collected from the Engineers, Sub Engineers, Planning officers, Assistant planning officer, Account Officer, Accountant, Store keeper employed in the DCC and DTO Bhaktapur through questionnaire. Five numbers of Informal Consultations were conducted at each sector of the project location involving UCs and beneficiaries. Furthermore, the key informant's interview was taken with the Local Development officer and Senior Divisional Engineer. The following Formula is Used in Determining the Sample Size

$$S.E. = \sqrt{(PQ/n) * ((N-n)/(N-1))}$$

Where,

- S.E. = Standard Error
- P = Population proportion of success = 0.5
- Q = Population proportion of failure = 0.5
- N = Population Size
- n = Sample Size

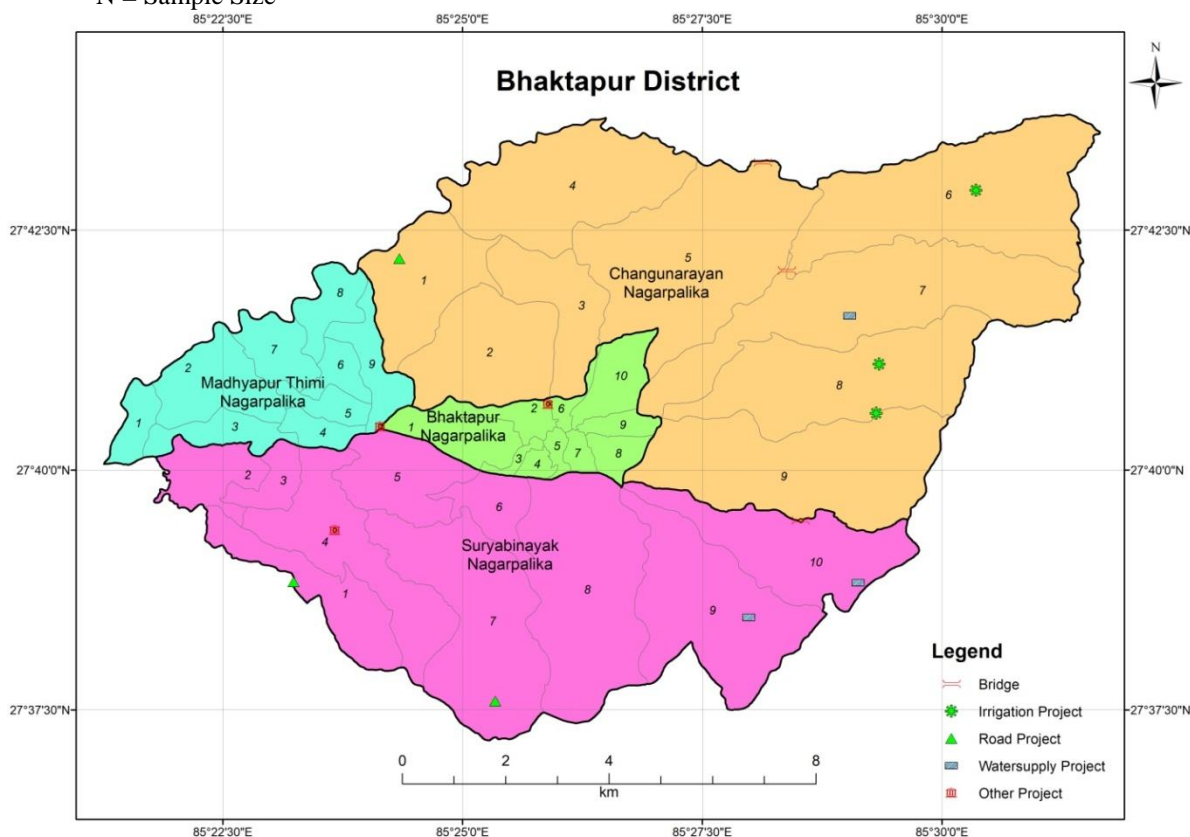


Figure 2: Map of Bhaktapur District Showing locations of selected projects

**Data Collection Tools / Techniques:**

The following techniques were used for the collection of primary data followed by secondary data whenever needed.

Table 1: Data collection Tools / Techniques

S.No	Tools	Target Group	No. of Respondents / Projects
1	Questionnaire Set A	Users Committees members	56
2	Questionnaire Set B	Engineers, Sub Engineers, Planning officers, Assistant planning officer, Account Officer, Accountant, Store keeper and other officials employed in the DDC and DTO Bhaktapur	23
3	Key Informants Interview	LDO, SDE /Ex LDO,SDE	4
4	Site Visits	photographs of all the selected project sites	15
5	GPS	coordinate points of the all selected project sites	15

**Results and Discussion:**

**Formation and Contractual Process of Users Committee:**

The formation of Users Committee and contractual process of UCs was analyzed to assess the project management practices under DCC, Bhaktapur.

**Process of Users Committees Formation:**

The formation of UCs in DCC was based on LSGA 1999, LSGR 1999 and LBFAR 2007. Based on the responses provided by UCs regarding when UCs was formed, figure 3 shows the responses that 85.71% of the UCs were formed after the publication of notice by VDC or Municipality for the attendance from among the beneficiaries of the project and 14.29% of the UCs were formed before the notice publication.

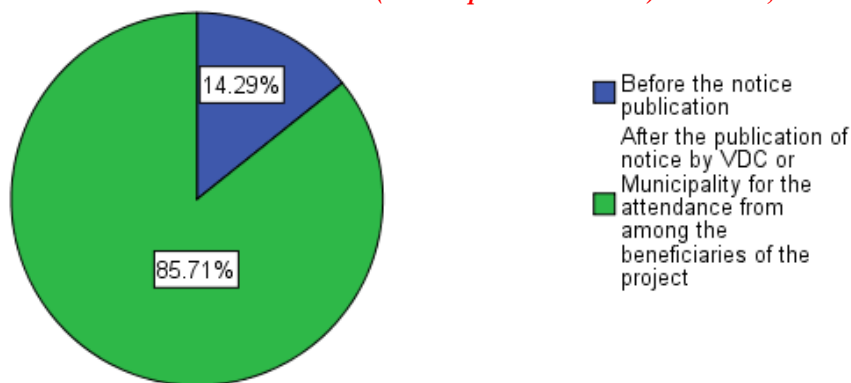


Figure 3: Status of UCs formation

Based on the selected projects, out of 15 projects, the UCs of 12 projects were formed after the publication of notice by VDC or Municipality and UCs of the 3 projects were formed before the notice publication i.e. 80% of the UCs were formed after the publication of notice by VDC or Municipality. In the trail bridge sector projects, the Users Committees were formed at the time of feasibility study. (Source: Checklist)

From the questionnaire and the project detail information, it was found that the results are not much varied which indicates the knowledge and awareness of the public. As per prevailing rules, regulations and guidelines of the local bodies, most of the UCs was formed after the publication of notice by VDC or Municipality, however, the formation of UCs at the time of project feasibility study would be active participation for the project implementation. Based on the responses provided by the UCs regarding how the UCs was formed, table 2 shows responses that 87.5% of UCs were formed by the general mass meeting of local beneficiaries and the 12.5% of UCs were formed by the others.

Table 2: Process of UCs formation

UCs formation	Count	Column N %
By the general mass meeting of local beneficiaries	49	87.5%
Others: The organization management committee	7	12.5%
Total	56	100.0%

Based on the responses provided by the technicians, planning section, account section and other officials involved in projects at the DCC regarding how the UCs of the projects was generally formed, table 3 shows the responses that 91.3% of UCs was formed by the general mass meeting of local beneficiaries.

Table 3: Process of UCs formation

UCs formation	Count	Column N %
By the general mass meeting of local beneficiaries	21	91.3%
Through V.D.C. or Municipality	2	8.7%
Total	23	100.0%

(Source: Survey 2017)

Based on the project selection and document study, out of 15 projects, the UCs of 13 projects were formed by the general mass meeting of local beneficiaries and in two projects, UCs of the Basu college Solar installation and furniture management project, Bhaktapur-10 was formed by the College management committee. Similarly, the UCs of the Shyamashyamdharm, Madhyapur Thimi was formed by the Radha Madhav Samiti, Nepal, a cultural organization. As per the acts, regulations governing the local bodies, the UCs should be formed by the general mass meeting but if the UCs not formed by the agreed way then the UCs would be formed by the majority people through election or any other. The formation of UCs through the general mass meeting would be more participative and democratic. Based on the responses provided by the UCs regarding there was any sort of political interference or biases during the UCs formation, it was found that there was no political interference in selected projects.

**Composition of Users Committees:**

Based on the selection of the projects, it was found that at least 7 members UCs in each project. It varies from 7 to 11 members UCs. The responses provided by UCs members regarding the composition of UCs, it was found that the UCs was formed from all ethnic groups. There were 4 nos. of UCs namely Nangkhel major water supply project, Sirutar-basnetgaun way to karkigaun ridge road project, Ghyampedanda-Ranikot-pipalbot-pakharthumko road upgrading project and Dadhikot primary treatment centre building construction project out of 15 in which the women participation are less than 33%. In a Nangkhel major water supply project, there were 10 members in a UCs but no women participating in the UCs. In a Chitapol-7 water supply project, all the members in UCs were women. (Source: project details-Annex VII)

The less representation of women in the above mentioned projects was due to lack of information to all and women are still feeling inconvenient in such activities. (Source: Informal Consultations and KII)

**Formation of Monitoring and Facilitating Committee:**

Based on the responses provided by UCs, regarding the monitoring and facilitating committee formed at the time of formation of UCs, it was found that 73.2% of the respondents answered yes. Based on the selected projects, in 9 projects out of 15, the monitoring and facilitating committee was formed at the time of formation of UCs. (Sources: Project details in Annex VII)

As per prevailing rules, the monitoring and facilitating committee should be formed at the time of UCs formation but in the trail bridge sector projects such committee was not formed. Forward Users Committees by the Village Development Committee or Municipality. It was found that, the VDC or municipality forwarded the UCs after the formation in 12 projects out of 15 projects. The UCs of the trail bridge sector projects had not been forwarded to DCC. The formation of UCs in the trail bridge projects was at the time of feasibility study. (Source: Checklist)

**Preparation for Contract Out:**

Once the UCs have been formed and forwarded by the VDC or municipality, detailed designs and cost estimates need to be prepared to execute the project. The preparation of cost estimates based on the existing norms and the choice of design finalizes after the discussion of the results with the UCs and beneficiaries.

**Estimate / Design / Drawing:**

Based on the responses provided by the technicians, planning section, account section and other officials involved in projects at the DCC regarding types of drawings provided along with estimate, the figure 4 shows the trend of using hand sketch drawing with all dimensions, Auto cad drawing and only hand sketch.

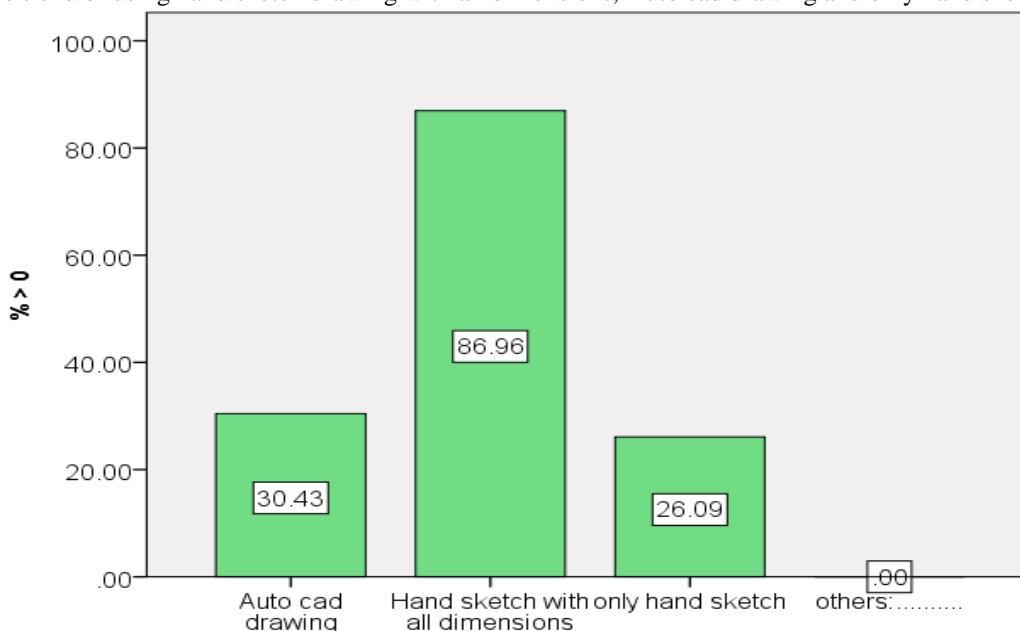


Figure 4: Types of Drawing provided to UCs

Based on the selected projects, it was found that type of drawings provided with estimate in 15 projects, are shown as per table 4.

Table 4: Types of drawing attached with estimate

S.No	Type of Drawing	No. of Projects	Name of Projects
1	Auto cad	4	Sungurekhola truss bridge project, GadgadeSalinadi truss bridge project, Dorkhukhola truss bridge project and Basu college Solar installation and furniture management project
2	Hand sketch with all dimensions	8	Sinchapakhaphant irrigation project, GadgadeTauthali irrigation project, Kalimati irrigation project, Bageshwori-7,8 & 9 water supply project, Sirutar-basnetgaun way to karkigaun ridge road, Duwakot-6 -Shastra police - somthali-shiv temple road, Shyamashyamdham and Dadhikot primary treatment centre building construction project.
3	Only hand sketch	2	Chitapol-7 water supply project and Nangkhel major water supply project.
4	No drawing	1	Ghyampedanda-Ranikot-pipalbot-pakharthumko road upgrading

(Sources: Project details in Annex VII)

The estimate/design/drawing was prepared by the concern technician visiting the site with the co-ordination and participation of UCs. The technician had prepared the cost estimate stating public contribution in percentage. The estimate was not prepared by breaking down the details of the item quantities contributed by beneficiaries. Due to small scale projects, it is not necessary to provide Auto Cad drawing in all the projects. but depending upon the nature of the projects, the Auto Cad drawing or hand sketch with all dimension is must for the smooth execution of construction work.

**Contract Out and Mobilization:**

To carry out the works through the UCs, an agreement between the concerned authority and the UCs shall be made. Before the execution of work at site, orientation training should be conducted.

**Agreement with Users Committees:**

Based on the responses provided by the technicians, planning section, account section and other officials involved in projects at the DCC regarding the time of contract out of projects implementing through UCs on trimester basis, the figure 5 shows that 47.8% projects were contracted out in 2<sup>nd</sup> and 3<sup>rd</sup> trimester separately.

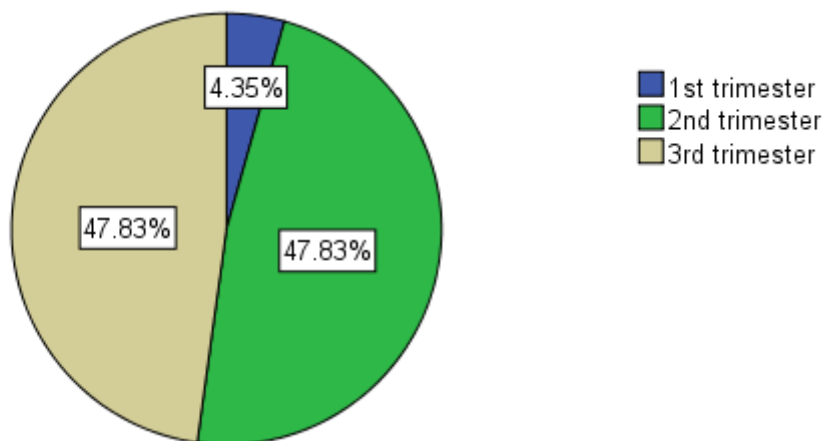


Figure 5: Time of Agreement

(Source: Survey 2017)

Based on the selected project, it was found that out of 15 projects, 9, 5 and 1 no. of projects were contracted out in 3<sup>rd</sup>, 2<sup>nd</sup> and 1<sup>st</sup> trimester respectively i.e. 60%, 33.33% and 6.67% on 3<sup>rd</sup>, 2<sup>nd</sup> and 1<sup>st</sup> trimester. (Source: Checklist)

It was found that in the agreement, only the project start and end time was stated. The work Schedule (work plan) mentioning the activities and time was not attached.

(Source: Checklist, Survey)

The work schedule should be prepared by the mutual coordination of UCs and concerned technicians for the control of time of the projects and also for the supervision and monitoring. The work schedule should be prepared considering resources availability, the climatic condition as well as the cultural aspects of the community.

**Orientation Training:**

Based on the responses provided by the UCs regarding the orientation training, it was found that 92.9% of the respondents answered that orientation training was not organized to the UCs members immediately after the contract out.

Based on the responses provided by the technicians, planning section, account section and other officials involved in projects at the DCC regarding the orientation training was found that 91.3% of the respondents answered that orientation training was not conducted before the project implementation. As per the prevailing acts, rules and guidelines to local bodies, the orientation training should be provided to the UCs members immediately after the contract out and before the project implementation. The UCs must be informed about the project information board, project book keeping, methods of working, measurement process, public audit and budget release to the UCs, etc. The UCs were informed briefly about the project implementation by the Planning Section and the concerned technicians of DCC.

To strengthen the UCs management, it is necessary to arrange the orientation training to the UCs. The training enhances the managerial and technical knowledge to properly carry out the work for ensuring their participation.

**Advance Payment:**

Based on responses provided by the UCs regarding the first installment the figure 6 shows that 85.71% of the respondents answered that 1/3<sup>rd</sup> of the budget was released to the UCs account immediate after the agreement and 14.29% of the respondents answered that the 1<sup>st</sup> installment was released only after the construction work started at the site.

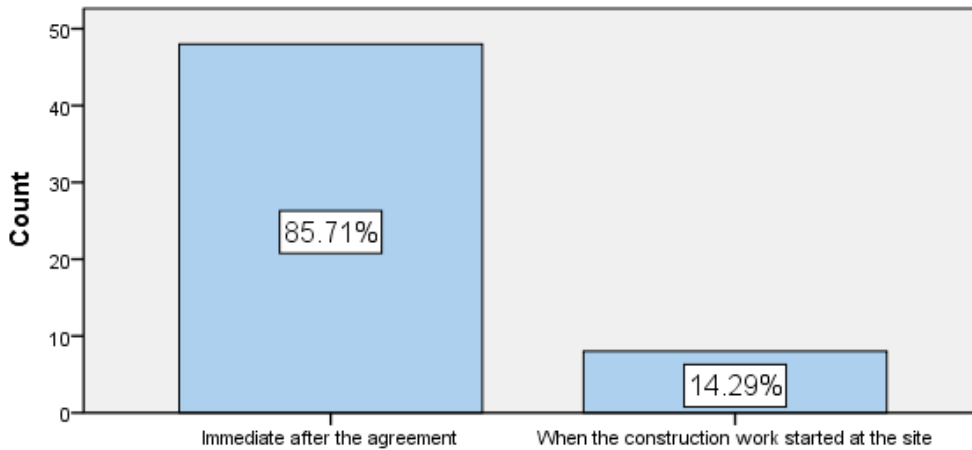


Figure 6: First installment

Based on the selected project, it was found that out of 15 projects, UCs of 13 projects received 1/3<sup>rd</sup> of the budget as an advanced payment immediate after the agreement and the UCs of two trail bridge projects received the first installment only after the construction work started at the site. In the trail bridge sector projects, the 1<sup>st</sup> installment was released after the recommendation of technicians when the UCs started the work but in other sector projects the 1<sup>st</sup> installment was released immediate after the agreement without technicians' recommendation. (Sources: Checklist/KII)

The advance payment allowed the UCs to purchase the required tools and pay for the materials and labour required for the initial project activities.

**General Contracting and Implementation Process through UCs:**

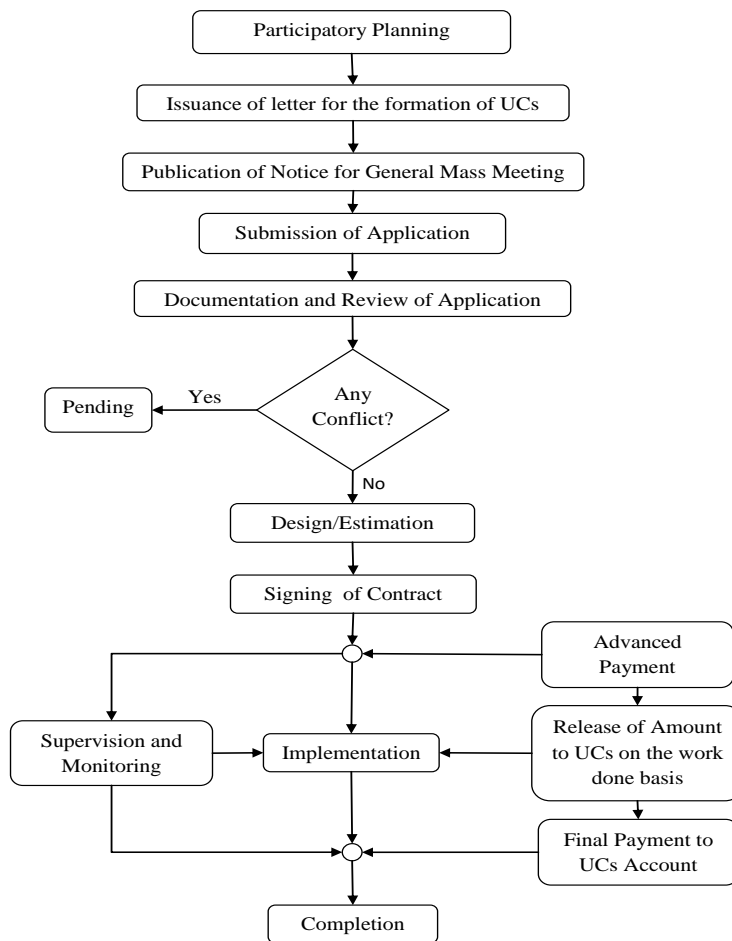


Figure 7: Flow chart of the general process for UCs contracting

The projects selected through participatory planning and after the allocation of budgets, the DCC finalizes implementation modality. Then, the DCC starts the process for contracting out the projects implementing through UCs. DC+C issues a letter to VDC or Municipality for the formation of UCs, Participatory design is conducted jointly with UCs and DCC/DTO technical staffs. The resulting design should confirm to the needs of beneficiaries. Works carried out by the UCs requires contribution from the beneficiaries. After the signing of contract, advance payment (1/3<sup>rd</sup> of the budget) is released to the UCs. The DCC would be responsible for monitoring and supervision the implementation of the UCs contract projects. After the verification of the work completion, the DCC releases the final payment and clears the project. The project identification and selection to the project implementation and close out process in DCC based on the existing process are shown in the flow chart as in figure 7.

### **Conclusion**

The UCs formation in 80% of the construction projects was after the publication of notice by VDC or Municipality for the attendance from among the beneficiaries of the project. It was found that in the trail bridge sector projects the UCs formed before the notice publication because it was formed at the time of feasibility study. In addition to some projects run through organizational committee, UCs in 86.67% of projects of DCC was formed by the general mass meeting of local beneficiaries without political interferences or biases. The composition of UCs was not meeting the 1/3<sup>rd</sup> of women representation in all of the projects. The monitoring and facilitating committee was formed in most of the projects at the time of UCs formation. For the construction projects implementation through UCs, its formation was through the participatory approach but it was not strictly followed the prevailing acts, rules, guidelines and directives to local bodies for the composition of UCs. Only after the formation of UCs, the estimate/design/drawings were prepared with respect to budget by the concerned technicians with the coordination and participation of UCs and beneficiaries. The agreement between the UCs and DCC was then made stating conditions for the project execution.

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