

**MOU: September 11, 2006**

**NEPAL PORTFOLIO PERFORMANCE REVIEW (NPPR 2006)**

**ACTION PLAN**

<b>Focus Area</b>	<b>Agreed Action</b>	<b>Responsible Agencies</b>	<b>Performance Indicators</b>	<b>Target Dates</b>
1. <b>Portfolio Review</b>	GON will prepare a road map to harmonize the Government's overall portfolio review with budget implementation to enhance implementation effectiveness of development projects.  Implement the Road Map for NPPR harmonization	MOF (lead), NPC	<ul style="list-style-type: none"> <li>• A road map prepared and shared with development partners for comments.</li> <li>• Finalize the Road Map.</li> <li>• Integrate mid-term portfolio review with mid-term review of budget implementation.</li> <li>• Carry out portfolio performance review (NPPR 2007).</li> </ul>	<p><b>November 15, 2006</b></p> <p><b>December 15, 2006</b></p> <p><b>March 31, 2007</b></p> <p><b>September 2007</b></p>
2. <b>Thematic Recommendations</b>	GON will review the recommendations of three thematic discussions ( <b>Results Based Reporting, Financial Management, and Procurement Management</b> ) synthesize and prioritize them, and submit to the Finance Secretary for further action.	MOF (lead)	<ul style="list-style-type: none"> <li>• Form a Task Force to review the Thematic Group recommendations.</li> <li>• Submit the proposal to the Finance Secretary for follow-up action.</li> </ul>	<p><b>September 2006</b></p> <p><b>November 2006</b></p>
3. <b>Project Readiness Filters</b>	GON and the Partners will continue to implement the <b>Project Readiness Filters</b> (Attachment 1) agreed and endorsed by NPPR 2005 as the core national requirement for quality-at-entry assurance of all new P1 projects/programs.	MOF (lead), NPC, Line Ministries, ADB, JBIC, WB	<ul style="list-style-type: none"> <li>• Application of Project Readiness Filters for all new projects/programs ready for appraisal</li> </ul>	<b>Ongoing</b>
4. <b>Procurement Management</b>	GON will make mandatory to submit procurement plans for all P1 projects/programs together with the submission of annual plans to initiate FY2007/08 budget discussion.	MOF (lead), NPC, Line Ministries	<ul style="list-style-type: none"> <li>• Procurement plans prepared for all P1 projects/programs</li> </ul>	<b>Ongoing</b>

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Focus Area	Agreed Action	Responsible Agencies	Performance Indicators	Target Dates
	<p>Following the promulgation of the new procurement legislation (which has been reviewed and commented by WB, ADB and JBIC), GON will continue with public procurement reform with support from the development partners.</p> <p>GON commits to make necessary resources for continuing procurement training initiative.</p>	<p>Office of the Prime Minister and Council of Ministers (lead), MOF, MOLJ, FCGO</p> <p>FCGO (Lead),</p>	<ul style="list-style-type: none"> <li>• Procurement legislation enacted</li> <li>• Public Procurement Monitoring Office (PPMO) established and functional immediately after the enactment of procurement legislation</li> <li>• Public procurement training continued</li> </ul>	<p><b>November 2006</b></p> <p><b>March 2007</b></p> <p><b>Ongoing</b></p>
<p><b>5. Business Plans (Sectoral Plans)</b></p>	<p>Prepare “Business Plans” for Roads, Drinking Water, Rural Electrification, Agriculture, Irrigation, Health, and Education sectors as agreed, and seek necessary support from development partners for funding these Plans through program-based approach in line with the Paris Declaration on Aid Effectiveness.</p>	<p>NPC (lead), MOF, MOES, MOHP, MOAC, MOWR, MOLD, MHPP, AEPC</p>	<ul style="list-style-type: none"> <li>• Business plans prepared for agreed sectors</li> </ul>	<p><b>March 2007</b></p>
<p><b>6. Financial Management</b></p>	<p>Carry out the Public Financial Management (PFM) Sector Work, and establish PFM High Level Set of Monitoring Indicators, and prepare an integrated Financial Management Improvement Program.</p>	<p>MOF/FCGO (Lead), NPC, World Bank and other development partners</p>	<ul style="list-style-type: none"> <li>• Draft Report prepared.</li> <li>• Final Report prepared, and an integrated Financial Management Improvement Program prepared.</li> </ul>	<p><b>February 2007</b></p> <p><b>June 2007</b></p>
<p><b>7. Commitment of Development Partners</b></p>	<p>Annually review and discuss project/program supervision strategies with GON, timely respond to procurement actions and disbursement actions and share good practice examples.</p>	<p>ADB/JBIC/World Bank</p>	<ul style="list-style-type: none"> <li>• Timely response to areas indicated in para 9 of the MOU.</li> </ul>	<p><b>Ongoing</b></p>