

# Understanding the Provisions for Local Government Planning in Nepal

Govinda Adhikari 

Planning Expert, Local Government, Freelancing



Intellectual Journal of Academic Research (ISSN: 3021-906X) Copyright © 2024 The Author(s): Published by Myanglung Campus Terhrathum, Nepal. Distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0)

## Article Info.

### Corresponding Author

Govinda Adhikari  
M.A. Sociology, M.A. Rural  
Development, M. Phil. Education,  
Tribhuvan University, Nepal

E-mail  
adhikari2033@gmail.com

### Date of Submission

May 01, 2024

### Date of Acceptance

July 05, 2024

## Abstract

This study examines the provisions for local government planning in federal Nepal, focusing on annual planning processes. The primary objective is to analyze the existing framework and guidelines, including the Constitution of Nepal (2015), the Local Government Operation Act (LGOA, 2017), and the Inter-governmental Fiscal Management Act (IGFMA, 2017). The analysis centers on the provisions related to Annual Plans, structures, and processes. Employing a qualitative approach, the study utilizes document and literature reviews to explore these provisions without delving into practical implementation. Key findings reveal that the legal framework mandates a structured approach to planning, including criteria for project prioritization, sectoral coverage, and a participatory planning process. The study highlights the role of key committees and the Seven-Step Planning Process in ensuring comprehensive and inclusive planning. Recommendations include strengthening training programs, enhancing transparency measures, and encouraging innovative solutions to improve the effectiveness of annual planning provisions.

**Keywords:** local government, planning, provision, guidelines, participatory

## Introduction

Initially, many nations, including Nepal, employed a top-down approach to planning, fostering a dependency on the state rather than promoting self-sufficiency (Karna, 2007). However, since the 1970s, Nepal has shifted towards a bottom-up approach in planning and development, emphasizing local participation (Sapkota & Malakar, 2021). This transition gained momentum as national economic planning failed to meet developmental promises, leading to the emergence of local development planning (LDP) aimed at stimulating local growth, mobilizing resources, and enhancing community welfare (Nepal, 2008).

Nepal's experience with local and national development planning spans over 70 years, beginning with its first five-year plan in 1956. Despite significant efforts in the 1970s and 1980s, local planning remained centralized (Hachhethu, 2008; Lohani, 1980; Tandon, 2023). The People's Movement of 1990 catalyzed a more participatory approach, culminating in the Local Self-Governance Act (LSGA) of 1999, which institutionalized citizen participation in local governance (Acharya & Zafarullah, 2020).

Despite constitutional provisions for local governance, implementation faced challenges due to the civil conflict from 1996 to 2006, which hindered community participation (Acharya et al., 2022). Following the 2015 Constitution and the 2017 Local Government Operation Act (LGOA), local planning processes improved, yet issues of incomplete implementation and centralization persist (Acharya & Zafarullah, 2022). This study provides an overview of current local planning and budgeting procedures in Nepal post-federalism.

## Rational of the Study

Despite the recognized importance of participatory planning and budgeting for good governance in Nepal's diverse context, there is a significant lack of scientific research focusing on these processes, particularly regarding their implementation and understanding by local

officials. This gap is critical to address as it limits the assessment of how well local officials comprehend and apply planning provisions. Understanding these dynamics is essential for identifying barriers to effective participation and developing evidence-based policies that enhance transparency and inclusivity in local governance.

Research indicates that citizen participation is a fundamental component of democratic governance, yet it has faced challenges in Nepal due to historical conflicts and governance structures (Acharya & Zafarullah, 2020; Bhusal, 2018). The Local Self-Governance Act (1999) aimed to institutionalize participatory processes, but implementation has often been hindered by a lack of local elections and political instability (Pandeya & Shrestha, 2016). The Local Government Operation Act(2017) should be enforced.

Addressing these issues through rigorous research can provide insights into the effectiveness of participatory mechanisms and inform strategies to empower marginalized groups in local decision-making processes (Bhusal & Pandeya, 2021). Ultimately, enhancing participatory planning and budgeting is vital for fostering a more inclusive and accountable governance framework in Nepal.

## Objective of the Research

The key objective of the research is to examine the current provisions of local government planning processes in federal Nepal.

## Methodology

To effectively address the research objectives, a structured methodology was adopted. This study employed various methodological tools to provide a comprehensive analysis of local government planning processes in Nepal.

## Research Design

This study utilized a qualitative research design with a descriptive approach. The primary focus was on analyzing secondary data, while also gathering primary data where feasible. This dual approach aimed to provide a well-rounded understanding of local government planning processes.

## Research Tools

The research employed two primary tools: document reviews and literature reviews.

- **Document Reviews:** This involved a thorough examination of key documents, including the Local Government Operation Act (LGOA), the Constitution of Nepal, and related guidelines. The goal was to understand the legal and regulatory framework governing local planning provisions.
- **Literature Reviews:** The literature review assessed a range of secondary sources, including reports, scientific articles, and books. This review aimed to explore perceptions regarding the provisions for local government planning.

## Delimitations

The study is specifically focused on the annual planning and budgeting provisions of local governments in Nepal. It does not address the level of understanding or the practical application of these provisions among local officials. This delimitation allows for a concentrated analysis of the planning framework while acknowledging that further research may be needed to explore the practical implications of these provisions.

## Findings

The Constitution of Nepal (2015), the Local Government Operation Act (LGOA) (2017), and the Intergovernmental Fiscal Management Act (IGFMA) (2017) mandate various plans that local governments must prepare. These documents detail the planning and budgeting processes, including steps, procedures, and structures, and emphasize inclusive arrangements. Additionally, guidelines such as the Guideline for Local Level Plan Formulation (GLLPF) (2078), the Local Level Annual Plan and Budget Formation Guideline (LLAPBFG) (2074), and the Annual Plan and Budget Formulation Handbook of Local Level (APBFHLL) (2077) further outline these procedures and frameworks.

## *Types of Plans to be Prepared*

The Local Government Operation Act (LGOA) 2017 mandates the preparation of three primary types of plans by local governments: Periodic Plans, Annual Plans, and Strategic Sectoral Plans (Government of Nepal, 2017: a, Sec. 24 (1)). The Periodic Plan, spanning 5 to 7 years, covers various development sectors including social, economic, infrastructure, forest, environment, disaster management, and institutional development. The Annual Plan, on the other hand, is designed for a single year and encompasses all sectors annually. The Strategic Sectoral Plan is focused on a specific sector and is prepared for the mid to long term.

In addition to these plans, the Intergovernmental Fiscal Management Act (IGFMA) 2017 requires local governments to prepare a Medium-term Expenditure Framework (MTEF) every three years (Government of Nepal, 2017: b, Sec. 17). The MTEF outlines public expenditure strategies, including vision, goals, objectives, expenditure strategies, resource mobilization plans, and major projects or programs. It serves as a comprehensive financial planning tool, ensuring alignment with the Periodic and Strategic Sectoral Plans. The MTEF, along with the Periodic Plan and Strategic Sectoral Plans, establishes benchmarks and roadmaps for municipal development, guiding annual plans and budgets to ensure progress towards the set objectives.

This paper covers only the annual planning and budgeting of local governments.

## *Priority and Issues to be Considered During Planning*

During the planning process, local governments must align their policies, goals, objectives, timelines, and procedures with those of federal and Provincial Governments. According to the Local Government Operation Act (LGOA) 2017, plans are required to address critical cross-cutting issues, including good governance, environmental concerns, child-friendly initiatives, climate change adaptation, disaster management, and gender and social inclusion (Government of Nepal, 2017: a, Sec. 24 (2)).

The LGOA specifies criteria for prioritizing and selecting projects, focusing on their impact on poverty reduction, potential for quick and effective results, and their ability to improve the lifestyle, income, and employment opportunities of local residents (Government of Nepal, 2017: a, Sec. 24 (3)). Projects should also be cost-effective, feasible for local fundraising, and make use of local resources and skills. Preference is given to projects benefiting women, children, marginalized communities, and specific geographic or social groups. Additionally, projects should advance gender equality, social inclusion, environmental protection, and cultural preservation while promoting social harmony and unity.

Furthermore, the Act underscores the importance of broad-based participation in the planning and implementation processes. It mandates involvement from local residents, intellectuals, thematic experts, professionals, marginalized and vulnerable communities, as well as women, children, Dalits, youth, persons with disabilities, minorities, and senior citizens (Government of Nepal, 2017: a, Sec. 24 (5)).

#### ***Sectors/Themes to be Covered While Planning***

Section 5.1.3 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2017) and Section 4.8 (1.2) of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) outlined the sectors and thematic areas that local governments were required to address in their annual plans and budgets. These guidelines recommended covering five thematic areas in the planning process: Economic Development, Social Development, Infrastructure Development, Forest, Environment and Disaster Management, and Good Governance and Institutional Development.

To begin with, Economic Development includes sectors like agriculture, livestock, tourism, industry, commerce, cooperatives, and financial services. This area focuses on enhancing productivity, supporting small and medium enterprises, and promoting financial

inclusion (MOFAGA, 2017 & National Planning Commission, 2078).

In addition, Social Development encompasses education, health, drinking water and sanitation, cultural promotion, and social inclusion. This domain addresses the needs of women, children, senior citizens, persons with disabilities, and marginalized groups (MOFAGA, 2017 & National Planning Commission, 2078).

Moreover, Infrastructure Development covers road and bridge construction, irrigation systems, urban development, energy production, small hydropower projects, and communication networks (MOFAGA, 2017 & National Planning Commission, 2078).

Similarly, Forest, Environment, and Disaster Management involves forest and land conservation, watershed protection, climate change adaptation, waste management, and disaster preparedness (MOFAGA, 2017 & National Planning Commission, 2078).

Lastly, Good Governance and Institutional Development includes human resource development, institutional capacity building, revenue mobilization, fiscal management, audits, service delivery improvements, IT integration, and inter-agency coordination (MOFAGA, 2017 & National Planning Commission, 2078).

#### ***Provision for Participatory Planning Process***

Integrating the provisions from the Constitution of Nepal (2015), the LGOA (2017), and the IGFMA (2017), guidelines such as the Guideline for Local Level Plan Formulation (GLLPF, 2078), the Local Level Annual Plan and Budget Formation Guideline (LLAPBFG, 2074), and the Annual Plan and Budget Formulation Handbook of Local Level (APBFHLL, 2077) outline the participatory planning and budgeting process of local governments in Nepal, known as the Seven-step planning process. The Seven-step planning process is conducted before the start of the fiscal year, meaning that plans and budgets for the upcoming fiscal year are prepared during the current fiscal year. Before detailing each step, a summary of the Seven-Step Planning Process is presented in the table below:

**Table 1**  
*Summary of Seven-step Planning Process*

| Step   | Steps Details  | Timeline                          |
|--------|--|-----------------------------------|
| Step 1 | Preparation  |                                   |
|        | Sending income and expenditure projections to the federal government | Poush Masanta / Mid-January       |
|        | Receiving ceiling from the federal and provincial governments        | Chaitra Masanta / Mid-April       |
| Step 2 | Resource Estimate and Budget Ceiling Preparation                     | Baishak 15 / Fourth week of April |
| Step 3 | Settlement Level Planning / Project Selection                        | Baishak Masanta / Mid-May         |
| Step 4 | Ward Level Planning / Project Selection and Prioritization           | Jestha 15 / Fourth week of May    |
| Step 5 | Budget and Programme Formulation                                     | Ashad 5 / Third week of June      |
| Step 6 | Budget and Programme Approval from Rural/Municipal Executive         | Ashad 10 / Fourth week of June    |
| Step 7 | Budget and Programme Approval from Rural/Municipal Assembly          |                                   |
|        | Budget and programme presentation                                    | Ashad 10 / Fourth week of June    |
|        | Budget and programme approval  | Ashad Masanta / Mid-July          |

**Note.** MOFAGA, 2017 & National Planning Commission, 2078

Table 1 above provides a summary of the provisions for participatory planning, known as the Seven-Step Planning Process for local governments. The detailed activities of each step are discussed below.

**Step 1 – Preparation.** As specified in Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.1 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074), the preparation phase involves several key activities. These include updating and analyzing thematic data, preparing the Medium-Term Expenditure Framework (MTEF), and projecting revenue and assumptions for the upcoming fiscal year. Additionally, this step requires sending details of income and expenditure projections to federal and provincial ministries of finance and assigning responsibilities for thematic areas.

**Step 2 - Resource Estimate and Budget Ceiling Preparation.** Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.2 of

the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074) outline this phase. It includes obtaining ceilings and guidelines from federal and provincial governments regarding grants, revenue distributions, and royalties. This step also involves conducting pre-budget discussions with NGOs, user groups, and cooperatives, preparing and presenting policy and program proposals by the mayor, and determining budget ceilings based on updated data and profiles. Allocation of ceilings must consider factors like geography, population, revenue collection, infrastructure development status, and cost-sharing status.

**Step 3 - Settlement Level Planning / Project Selection.** Detailed in Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.3 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074), this phase includes organizing settlement-level planning meetings, selecting settlement-level plans and programs, and submitting the selected

plans to the ward. Ensuring the participation of all social classes and communities—such as women, Dalits, Adibasi Janajati, Madheshi, Tharu, Muslims, oppressed classes, marginalized groups, youth, minorities, children, senior citizens, persons with disabilities, and gender and sexually diverse individuals—is crucial. Projects should also align with Sustainable Development Goals, disaster risk reduction, climate change adaptation, and Gender Equality and Social Inclusion.

**Step 4 - Ward Level Planning / Project Selection and Prioritization.** As guided by Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.4 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074), this stage involves grouping projects or plans based on themes, prioritizing activities according to the ward's budget ceiling, and presenting the projects to the municipality's budgeting and planning committee.

**Step 5 - Integrated Budget and Programme Formulation.** According to Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.5 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074), this phase involves preparing plans and budgets for thematic areas, integrating inputs from I/NGOs and other organizations, and drafting the budget proposal. Important activities include discussions at thematic committees, prioritizing projects, and preparing fiscal and allocation bills.

**Step 6 - Budget and Programme Approval from Rural/Municipal Executive.** Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.6 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074) provide guidance for this stage. Key activities include obtaining approval from the rural/municipal executive for the budget statement, fiscal and allocation bills, revenue, expenditure, and fiscal management. The preparation of an integrated proposal for the annual budget and program is also crucial.

**Step 7 - Budget and Programme Approval from Rural/Municipal Assembly.** As described in Section 4.8 of the Guideline for Local Level Plan Formulation (National Planning Commission, 2078) and Section 5.7 of the Local Level Annual Plan and Budget Formation Guideline (MOFAGA, 2074), this phase involves presenting the budget and program documents to the assembly for Local Governments. The assembly has the authority to request corrections or clarifications, and the final approval budget and fiscal act must be published in the local gazette.

#### **Structure and Committees Related to Annual Planning**

There are various structures and committees related to annual planning and budgeting as provisioned by the Constitution of Nepal (2015), the Local Government Operation Act (LGOA, 2017), the Guideline for Local Level Plan Formulation (GLLPF, 2078), and the Local Level Annual Plan and Budget Formation Guideline (LLAPBFG, 2074).

**Rural/Municipal Assembly.** The assemblies are responsible for approving the budget and program. Every local government has an assembly. Articles 222 and 223 of the Constitution of Nepal (2015) provide for the formation of Rural/Municipal Assemblies. These assemblies comprise the Mayor/Chairperson, Deputy Mayor/Vice Chairperson, Ward Chairpersons, and Ward Members of the Rural/Municipality. Additionally, Rural/Municipal Members elected by the Assembly from Dalit and marginalized communities outside the assembly (two in rural municipalities and three in municipalities) are also members of the respective assemblies (Government of Nepal, 2015). The Mayor/Chairperson, Deputy Mayor/Vice Chairperson, Ward Chairpersons, and Ward Members are elected by the people of their respective rural/municipalities.

According to **Article 230** of the Constitution of Nepal (2015) and *Section 71(6)* of the Local Government Operation Act (LGOA, 2017), the revenue and expenditure estimation must be presented to the Rural/Municipal Assembly each year and receive approval from the respective

assemblies (Government of Nepal, 2015 & Government of Nepal, 2074). Without this approval, local governments cannot use or expedite their budget.

**Rural/Municipal Executive.** Rural/Municipal executives are responsible for approving the annual budget and plan of the local government before submitting them to the assemblies. Every local government has a rural/municipal executive. Articles 215 and 216 of the Constitution of Nepal (2015) provide for the formation of Rural/Municipal Executives. These executives comprise the Mayor/Chairperson, Deputy Mayor/Vice Chairperson, Ward Chairpersons, and Women Members elected from the respective assembly (four in rural municipalities and five in municipalities) (Government of Nepal, 2015). Additionally, members elected by the Assembly from Dalit and marginalized communities from outside the assembly (two in rural municipalities and three in municipalities) are also members of the respective executives.

According to **Article 230(1)** of the Constitution of Nepal (2015) and **Section 71(1)** of the LGOA (2017), the rural/municipal executives must approve the revenue and expenditure estimates every year before submitting them to the Rural/Municipal Assembly (Government of Nepal, 2015 & Government of Nepal, 2074).

**Ward Committees.** Ward committees are responsible for formulating and approving the ward-level annual budget and plan of the local governments before submitting them to the executives and assemblies. Article 222(4) of the Constitution of Nepal (2015) provides for the formation of ward committees, which comprise Ward Chairpersons and four members, including at least two women members elected by the people (Government of Nepal, 2015). Section 12(2-KA) of the LGOA (2017) also confirms the roles and responsibilities of the wards, including plan formulation, implementation, and monitoring within their territory (Government of Nepal, 2074). Furthermore, it stipulates that wards must collect demands, prioritize, and select settlement and tole-level plans following a participatory plan formulation system.

**Local Revenue Advisory Committee.** Local Revenue Advisory Committees play a crucial role in advising local governments on revenue generation and projection. The structure of these committees is outlined in Section 65(1) of the LGOA (2017). Each committee is comprised of a Coordinator, typically the Deputy Mayor or Vice Chairperson, and members including the Chief Administrative Officer, two executive members appointed by the executive with at least one female member, a representative from rural/municipal-level organizations involved in industry and commerce, representatives from rural/municipal-level organizations related to small and cottage industries, and the Chief of the Revenue Section of the rural/municipality, who serves as the member secretary (Government of Nepal, 2074). Section 65(2) of the act further elucidates the role and responsibilities of the committee, which encompass the formulation, amendment, and refinement of revenue policies and laws. Additionally, the committee is tasked with analyzing and projecting revenue for the upcoming year, offering advice on taxation, non-tax revenue, and service fees, as well as providing necessary guidance for revenue administration (Government of Nepal, 2074).

**The Resource Estimation and Budget Ceiling Allocation Committee.** This committee serves as an instrumental body in the analysis, projection, and equitable distribution of income and budget ceilings within rural/municipalities. Every local government has this committee. As stipulated in Section 66(1) of the LGOA (2017), these committees are structured with a Coordinator, typically the Mayor or Chairperson, and members including the Vice Chair/Deputy Mayor, four executive members appointed by the Chairperson/Mayor, representing diverse demographics such as women, Dalits, and marginalized communities, and the Chief Administrative Officer of the rural/municipality, who assumes the role of member secretary (Government of Nepal, 2074). Section 66(2) emphasizes the importance of political inclusivity by mandating the appointment of members from different political parties than the Chairperson/Mayor when selecting the four

executive members. Section 66(3) delineates the significant responsibilities of the committee, which encompass the projection of internal income/revenue, distribution of revenue from federal and provincial governments, and allocation of other income sources (Government of Nepal, 2074). The committee ensures the balanced distribution of projected resources, allocates total budget ceilings for the upcoming fiscal year, determines thematic budget ceilings, and provides guidelines for budget and program prioritization.

**Budget and Programme Formulation Committee.** The Budget and Programme Formulation Committee serves as an instrumental body in the annual budget and programme formulation within rural/municipalities. Every local government is required to have this committee. As stipulated in Section 67(1) of the LGOA (2017), these committees are structured with a Coordinator, typically the Deputy Mayor or Vice Chairperson, and members including five executive members appointed as heads of five thematic committees, the Chief Administrative Officer of the rural/municipality, and the chief of the planning section, who assumes the role of member secretary (Government of Nepal, 2074). Section 67(2) delineates their responsibilities, including preparing the draft policy and programmes for the upcoming fiscal year, prioritizing the budget and programme, and preparing the final draft for submission to the executives after discussion at the thematic committee level (Government of Nepal, 2074).

**Thematic/Sectoral Committees.** Section 5.5.3 of the Local Level Annual Plan and Budget Formation Guideline (LLAPBFG, 2074) provisions the establishment of five thematic/sectoral committees responsible for thematic development and planning. These committees prepare thematic plans and budgets for each of the five designated themes: Economic Development, Social Development, Infrastructure Development, Forest, Environment and Disaster Management, and Good Governance and Institutional Development. Each committee includes a thematic coordinator from the executive members, two executive members

including one woman, and the related section chief as member secretary (MoFAGA, 2074).

## **Findings and Discussion**

Local government planning in Nepal is governed by a robust legal framework that includes the Constitution of Nepal (2015), the Local Government Operation Act (LGOA, 2017), the Inter-governmental Fiscal Management Act (IGFMA, 2017), and various guidelines from the National Planning Commission, the Ministry of Federal Affairs and General Administration (MoFAGA), and related handbooks. This comprehensive framework mandates the preparation of diverse plans such as Periodic Plans, Annual Plans, and Strategic Sectoral Mid-term Plans, guided by the Medium-term Expenditure Framework (MTEF) for public expenditure planning over a three-year period (Acharya & Zafarullah, 2020; Aryal & Mishra, 2019).

### ***Priority and Issues Considered During Planning***

The planning process is guided by specific criteria for prioritizing projects, focusing on poverty reduction, productivity, and social impact. Cross-cutting issues like good governance, environmental sustainability, and gender equality are also prioritized.

### ***Sectors and Themes Covered in Planning***

Local development planning in Nepal covers a wide range of sectors, including economic development, social development, infrastructure development, forest, environment and disaster management, and good governance and institutional development.

### ***Participatory Planning Process***

The planning process, known as the Seven-Step Planning Process, is designed to be inclusive and participatory, involving active engagement from diverse segments of society, including marginalized communities, women, youth, and persons with disabilities. This ensures that all stakeholders, especially marginalized groups, participate in selecting policies, strategies, activities, and budget allocations (Mishra, A. K., Magar, B. R. (2017).



### ***Structure and Committees Related to Annual Planning***

The Seven-Step Planning Process provides a structured framework for annual planning and budgeting, ensuring timely and effective implementation of development initiatives. Key committees involved include the Rural/Municipal Assembly, Rural/Municipal Executive, Ward Committees, Local Revenue Advisory Committee, Resource Estimation and Budget Ceiling Allocation Committee, Budget and Programme Formulation Committee, and Thematic/Sectoral Committees. These committees play crucial roles in sectoral development, planning, and ensuring alignment with local development priorities.

### ***Improved Inclusiveness and Participation***

Scholars like Acharya and Zafarullah (2020) and Tandon (2023) have noted that since the promulgation of the Constitution of Nepal (2015) and the adoption of the LGOA (2017), local development projects have become more inclusive and participatory. This has improved the socioeconomic position of disadvantaged groups by empowering citizens to participate in local planning and ensuring that local elected representatives oversee the process (Mishra & Aithal, 2022; Mishra, Shah & Aithal, 2020).

### ***Challenges in Implementation***

Despite these provisions, challenges remain in the effective implementation of local planning processes. Issues such as insufficient capacity among local officials, lack of resources, and political instability can hinder the realization of participatory planning goals. Recent studies, including those by Mishra et al., emphasize the need for targeted assessments in specific sectors, such as transportation, to improve local planning outcomes and enhance mobility and access for communities (Mishra & Aithal, 2022). This participatory approach is crucial for ensuring that local plans reflect the aspirations and needs of the community.

**Coordination with Higher Levels of Government:** Local governments must coordinate with federal and provincial authorities, in formally

district coordination committees also. And other stakeholders during the planning process. This ensures that local plans are integrated into broader national and provincial strategies (Mishra, Shah, & Aithal, 2020).

**Implementation Challenges:** Despite these provisions, challenges remain in the effective implementation of local planning processes. Issues such as insufficient capacity among local officials, lack of resources, and political instability can hinder the realization of participatory planning goals (Aryal & Mishra, 2019; Mishra & Magar, 2017). This is some how improved after federalization.

**Focus on Specific Sectors:** Recent studies, including those by Mishra et al., emphasize the need for targeted assessments in sectors such as transportation to improve local planning outcomes. For instance, the assessment of transport systems in Nepal highlights the importance of integrating transport planning into local development strategies to enhance mobility and access for communities (Mishra & Aithal, 2022).

### **Conclusion**

The framework for local government planning in Nepal, as established by the Constitution of Nepal (2015), the Local Government Operation Act (LGOA, 2017), and the Inter-governmental Fiscal Management Act (IGFMA, 2017), provides a robust foundation for inclusive and effective local governance. The comprehensive planning framework, which includes the Seven-Step Planning Process, ensures that various types of plans—Periodic, Annual, and Strategic Sectoral Mid-term Plans—are developed with attention to priority issues such as poverty reduction, productivity, and social impact.

The participatory nature of the planning process allows for the active engagement of marginalized communities, women, youth, and persons with disabilities, thereby ensuring that diverse perspectives are incorporated into policy and budgetary decisions. The involvement of key committees, including the Rural/Municipal Assembly, Rural/Municipal Executive, Ward Committees, and Thematic/Sectoral Committees,

enhances the transparency, accountability, and alignment of local development initiatives with community needs.

Scholars like Acharya and Zafarullah (2020) and Tandon (2023) highlight that these legislative and procedural advancements have significantly improved the inclusiveness of local development projects, thereby enhancing the socioeconomic conditions of disadvantaged groups. By empowering local governments and their constituents, Nepal's local planning framework fosters equitable growth and supports sustainable development, reflecting a commitment to decentralized governance and grassroots empowerment.

However, challenges remain in the effective implementation of these provisions. Issues such as limited capacity among local officials, inadequate resources, and political instability of central government can hinder the realization of participatory planning goals.

### **Implications and Recommendation**

To address these challenges, the following recommendations are proposed:

#### **Strengthening Participatory Mechanisms:**

Enhance the participatory mechanisms within the Seven-Step Planning Process by developing more robust consultation processes and feedback systems to ensure broader engagement of marginalized and underrepresented groups.

#### **Capacity Building for Local Governments:**

Invest in training and capacity-building initiatives for local government officials and committee members to enhance their competency in areas such as financial management and project planning.

**Enhancing Transparency and Accountability:** Implement stringent transparency and accountability measures, including regular audits, public disclosure of budgetary documents, and mechanisms for tracking expenditures and project outcomes.

**Improving Coordination Among Committees:** Promote enhanced coordination and communication among the various committees

involved in planning and budgeting through regular inter-committee meetings and collaborative planning sessions.

**Monitoring and Evaluation:** Establish robust monitoring and evaluation (M&E) frameworks to assess the impact and effectiveness of local development projects and make evidence-based adjustments.

**Encouraging Innovative Solutions:** Leverage digital tools and technologies to enhance the efficiency and responsiveness of planning processes and better address emerging challenges.

**Continued Research and Learning:** Foster a culture of continuous learning by studying successful case studies and integrating new insights into local practices to ensure that local governments remain adaptable and responsive to changing needs.

By addressing these recommendations and building upon the existing framework, Nepal can further strengthen its local government planning processes, ensuring that they are truly inclusive, transparent, and effective in delivering development outcomes to all citizens.

### **References**

- Acharya, K. K., & Zafarullah, H. (2020). Institutionalising federalism in Nepal: Operationalising obstacles, procrastinated progress. *Public Administration and Policy: An Asia-Pacific Journal*, 23(2), 125-139. <https://doi.org/10.1108/PAP-03-2020-0013>
- Acharya, K. K., & Zafarullah, H. (2024). Whither demarginalization, inclusion and effectiveness? Challenges of local government planning in Nepal. *Millennial Asia*, 15(2), 216-235. <https://doi.org/10.1177/09763996221107116>
- Acharya, K. K., Dhungana, R. K., & Guragain, H. P. (2022). The position of marginalized groups in the elite captured local level planning process in Nepal. *Nepal Public Policy Review*, 1(1), 1-26. <https://doi.org/10.3126/nppr.v2i1.48394>

- Aryal, B., & Mishra, A. K. (2019). Perception-based assessment of the opportunities and challenges of DTMP of Rautahat District, Nepal. *Journal of Advanced Research in Business, Law and Technology Management*, 2(2), 27-40.
- Bhusal, T. (2018). *Examining citizen participation in local policymaking: an analysis of Nepal's participatory planning process, 2002-2016*. (Doctor of Philosophy in Political Science and Policy Studies Original Research). Canberra: University of Canberra.
- Bhusal, T., & Pandeya, G. P. (2021). *Ordinary people's participation in local development planning in Nepal*. Development in Practice (forthcoming).
- Government of Nepal. (2015). *Constitution of Nepal 2016*. Nepal Law Commission <https://lawcommission.gov.np/en/wp-content/uploads/2021/01/Constitution-of-Nepal.pdf>
- Government of Nepal. (2017). *Intergovernmental Fiscal Management Act, 2074* (2017). Nepal Law Commission.
- Government of Nepal. (2017). *Local Government Operation Act, 2074* (2017).
- Hachhethu, K. (2008). Local democracy and political parties in Nepal: A case study of Dhanusha District. In D. N. Gellner & K. Hachhethu (Eds.), *Local democracy in South Asia: Microprocesses of democratization in Nepal and its neighbours* (pp. xx-xx). SAGE Publications.
- Lohani, P. (1980). *People's participation in development* (1st ed.). Centre for Economic Development and Administration, Tribhuvan University.
- Ministry of Federal Affairs and General Administration. (2017). *Local Level Annual Plan and Budget Formation Guideline, 2074* (Revised). <https://mofaga.gov.np/model-law/145>
- Ministry of Federal Affairs and General Administration. (2020). *Annual Plan and Budget Formulation Handbook of Local Level, 2077*. <https://www.mofaga.gov.np/news-notice/2122>
- Mishra, A. K., & Aithal, P. S. (2022). Planning assessment of transport system: A case from Nepal. *International Journal of Applied Engineering and Management Letters*, 6(1), 280-300. <https://doi.org/10.5281/zenodo.6577822>
- Mishra, A. K., Magar, B. R. (2017). Implementability of municipal transport master plan of Bandipur Inner Ring Road, Tanahu, Nepal. *International Journal of Scientific & Technology Research*, 6(8), 306-313.
- Mishra, A. K., Shah, R. C., & Aithal, P. S. (2020). Operational assessment of public transport: A case of Kathmandu, Nepal. *International Journal of Case Studies in Business, IT, and Education*, 4(2), 132-152. <https://doi.org/10.5281/zenodo.4033197>
- National Planning Commission. (2018). *Local level planning formulation guidelines*. Kathmandu: National Planning Commission.
- National Planning Commission. (2021). *Guideline for Local Level Plan Formulation, 2078*. <https://npc.gov.np/images/category/220106044450Guideline%20for%20LP%20Planning.pdf>
- Nepal G. (2008). *Development and planning in the era of globalization*. Himalaya Books Stall.
- Pandeya, G. P., & Shrestha, S. K. (2016). Does citizen participation improve local planning? An empirical analysis of stakeholders' perceptions in Nepal. *Journal of South Asian Development*, 11(3), 276-304. <https://doi.org/10.1177/0973174116667097>
- Pandeya, G. P., & Shrestha, S. K. (2016). Does Citizen Participation Improve Local Planning? An Empirical Analysis of Stakeholders' Perceptions in Nepal. *Journal of South Asian Development*, 11(3), 276-304. <https://doi.org/10.1177%2F0973174116667097>

Pant, Y. P. (1996). *Budgets in Nepal. Economic & Political Weekly* [https://www.epw.in/system/files/pdf/1956\\_8/16/budgets\\_in\\_nepal.pdf](https://www.epw.in/system/files/pdf/1956_8/16/budgets_in_nepal.pdf)

Sapkota, B. D., & Malakar, I. M. (2021). Local Development Planning Process: A Policy-Level Analysis in Nepal. *Journal of Population and Development*, 2(1), 68–76. <https://doi.org/10.3126/jpd.v2i1.43474>

Tandon, R. (2023). Local governance in Nepal: A review of the current state and future prospects. *Journal of Governance and Development*, 15(1), 45-67.

Tandon, V. K. (2023). *Participation and deliberation at the local level in the federal context of Nepal (Unpublished doctoral dissertation)*.

