



Local Governance and Rural Development Practices in Nepal

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Abstract

Local governance particularly means democratic participation of the stakeholders in local development. In this process, rural development creates productive environment for market-led and environment friendly development that enrich quality of life of the people. The landscapes of local governance and rural development have been changing with new way of understanding. International communities are now realizing the transformative role of local governance and education. Nepalese government also has been facing many challenges while implementing local governance and rural development efforts. In this context, this paper reflectively appraised local governance and rural development practices of Nepal from decentralization theory and capability approach. However, subsequent discussions are presented based on secondary data, information and literatures. My discussions show that government of Nepal implemented local self-governance act-1999 for proper decentralization of power/jurisdiction in grassroots. Even though, since two decades local governance mechanisms are working with less capable staff and without elected bodies. For implementation of new constitution-2015, federal government restructured 753 local governance units. In that situation this paper came up with the argument that government mechanism need to foster institutional capability by mobilizing skilled manpower for implementing devolved 22 power/jurisdictions in local levels.

Key words: Local governance, decentralization, local development and rural development.

Introduction

Conceptually, local governance encompasses equitable delivery of public services at the local level. Local governance creates productive environment for democratic participation of local stakeholders, supporting market-led and environment friendly local development, and facilitating outcomes that enrich the quality of life of the local people (A. Shah & S. Shah, 2006). Local governance is a process by which authority; responsibility, power, resources and accountability are transferred from central to regional and local levels. An ultimate goal of local governance is to promote good governance, build partnership with civil society, private sector and governments units at the local level (Local Self Governance Act [LSGA], 1999). Likewise, rural development is a strategy of local development. Rural development aimed to foster overall development of rural areas that encompasses agriculture development and allied activities, village industries and crafts as well as socio-economic infrastructures in rural areas (Singh, 1999). Rural development aims at improving rural people's livelihoods through

better access to natural, physical, human, technological, financial and social capital that enable them to improve their livelihoods on equitable basis (Atchoarena, 2003). By passing negative impacts of one time development, rural development process thus looking for transforming socio-economic and cultural lives of the rural people in a sustainable manner.

The World Bank emphasis on the term governance continued to be placed on the management of a country's economic and social resources for purposes of development (World Bank, 1992, p. 3). The World Bank publication *Governance and Development* demarked new direction in development policy and practice. It highlighted international development assistance incorporated governance as the main stream of development strategies. Governance thus has been emerging as a problem solving tool for benchmarks of progressive governmental change. Reasoning that participatory development, respect for human rights, accountable government, predictable, open and enlightened policy-making practices came in to considerations (WB 1992). Practically, outcomes of governance and rural development practices are not yet satisfactory globally. In Asian region, approximately 475 million, live and work in rural areas (Asian Development Bank [ADB], 2011). Majorities of the rural households have little or no access to primary health care, education, safe drinking water, sanitation or other basic services (International Fund for Agricultural Development [IFAD], 2015). Even local people from developing countries are minimally participating during policy formulation and implementation stages (United Nations Industrial Development Organization [UNIDO], 2013). Local governance mechanisms in Nepal are also failing to provide effective and efficient public service delivery opportunities to the local people/right holders. Data shows that 80 percent of the total population resides in rural areas are living with poor networking of infrastructure and public service delivery system (Central Bureau of Statistics [CBS], 2011). Political instability and not meaningful participation of the local stakeholders are major causes for making less responsible governance mechanism. The problem also has resulted poor rural/local development activities as well. There are more than 7 million Nepalese people living below the poverty line (National Planning commission [NPC], 2015). However, over the two decades, provision of information cell in district development committee and municipality, practices of right to information (RTI) by various non-government organizations (NGOs). Local bodies are forming citizen awareness center, ward citizen forum and practicing public hearings, public and social audits public finance management system for making local governance effective and result oriented (Sharma, 2017).

Theoretical Understanding

I have tried to appraise decentralization and capability approach, theoretical view points for understanding local governance and rural development practices. Decentralization is a process of diffusing and delivering power authorities from centralized government system. Because of popularity of democratic governance system both developed and developing countries are pursuing this theoretical concept. However, through decentralization developed countries are providing public goods and services efficiently and vice versa. The decentralization theory advanced by Oates (1972, p.55) stated that each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision. The propositions indicate that it is a local governance system that understands concern of local people, status of local wellbeing and service delivery with their ideal decentralized system.

Ideal decentralized system encouraged local authorities to play own power jurisdiction roles and responsibilities effectively and efficiently. Two principles of jurisdictional design were applied generally in this system. (1) The closer a representative government is to the people, the better it works and (2) people should have the right to vote for the kind and amount of public services they want (Stigler, 1957 as cited in Shah & Shah, 2006). Similarly, three basic principles of citizen-centered local governance system also applied for proper functioning of this system. (1) Responsive governance: This principle aims for governments to do the right things that is, to deliver services consistent with citizen preferences. (2) Responsible governance: The government should also do it right that is, manage its fiscal resources prudently. It should earn the trust of residents by working better and costing less and by managing fiscal and social risks for the community. It should strive to improve the quality and quantity of and access to public services. To do so, it needs to benchmark its performance with the best-performing local government. (3) Accountable governance: A local government should be accountable to its electorate. It should adhere to appropriate safeguards to ensure that it serves the public interest with integrity. Legal and institutional reforms may be needed to enable local (Shah & Shah, 2006, p. 22). These principles aimed to empower local people through a rights-based approach of development and grassroots accountability of government for achieving defined results through participatory planning and monitoring mechanism developed in local level.

Likewise, capability approach has developed logical propositions that are closely linked with local governance and rural development process. Sen's capability approach comprises concepts like; functioning, freedom of choice, capabilities and well-being/development (Robeyns, 2003). As I knew, functioning are the beings and doings of a person whereas capability is the combination of multiple functioning that a person tries to achieve. The functioning and capabilities are closely related but they are distinct concepts. Functioning directly related to living conditions whereas capabilities are notions of freedom of choice that lead to the multiple opportunities enhancing the well-being (Robeyns, 2003). The capability enhancement thus closely related to the idea of positive notion of real freedom such as; civic and political freedom, economic facilities, social opportunities, transparency guarantee and protective security (Sen, 1999, p.3). In judging the aggregate progress of a society, the capability approach would certainly draw attention to the huge significance of the expansion of human capabilities of all members of the society. The capability approach focuses on human life. Indeed, it proposes a serious departure from concentrating on the means of living to the actual opportunities of living. This also helps to bring about a change from means-oriented evaluative approaches such as income, wealth and self-respect (Sen, 2009).

Well-being and development should be discussed in terms of people's capabilities to function and their effective opportunities to undertake the actions and activities for evaluating quality of life to the assessment of the capability to function (S. Wigley, & A. Wigley, 2006). Reflecting upon Brundtland Report 1987, sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their needs. Development is fundamentally an empowering process, and this power can be used to preserve and enrich the environment, and not only to decimate it. This report encompass the preservation, and when possible expansion, of the substantive freedoms and capabilities of people today 'without compromising the capability of future generations' to have similar or more freedom. The capability approach focuses on human lives, and not just on the

resources people have, in the form of owning or having use of objects of convenience that a person may possess. Income and wealth are often taken to be the main criteria of human success. By proposing a fundamental shift in the focus of attention from the means of living to the actual opportunities a person has, the capability approach aims at a fairly radical change in the standard evaluative approaches widely used in economics and social studies (Sen, 2009).

In this framework, I tried to explore capability approach in some detail, both conceptually and in terms of its empirical implications. I agree that if freedom is intrinsically important, then the alternative combinations available for choice are all relevant for judging a person's advantage from local governance and rural development perspectives. On the other hand, if freedom is seen as being only instrumentally important, then the interest in the capability set lies only in the fact that it offers the person opportunities to achieve various valuable states (Sen, 1982). From real freedom aspect, freedom gives more opportunity to fulfill expected desires of any individuals. Thus, becoming freedom means not being forced into some state because of constraints imposed by others. Similarly, from process aspect, freedom help any individual ability to decide to live with joyful however he or she like and to promote the ends that he or she may want to advance (Sen, 2009, p. 228). In my reflection concepts of capability approach; functioning, freedom of choice, capability and well-being/development are basic grounds of local development. However, I linked notion of real freedom with local governance process and capability with rural development process in Nepalese contexts.

Local Governance Practices

Right from the beginning, decentralization and local governance practices have been becoming key issues in Nepalese policy. However, local governance system has been leap forwarding in Nepal after 1990 with the restoration of democracy. The constitution of kingdom of Nepal 1990 has recognized decentralization as a means to ensure optimum involvement of the local people in local governance for well-functioning (Sharma, 2017). It pursued and implemented decentralization principles like; devolution of power and responsibilities in local levels that required for making local levels capable, building and development of institutional mechanism, people participation in local development activities. According to 'Anglo governance school' governance and government bodies must apply co-ordination modalities to develop fragmented policy in central, regional and local levels. Greater citizens' involvement in policy-making and public services must maintain from self-organization. However, local and national contexts shape local governance practices (Marinetto, 2003 as cited in Porras, 2007).

The Local Self-Governance Act 1999 has provisioned broad based organizational structure, devolution of authorities, special provision to include women and disadvantaged communities, planned development process and judicial authorities to local bodies. Whether the Act has provided enough legal bases for the development of a capable, responsive and accountable local self-governance system is itself an issue (HLDCC, 1996). Similarly, Interim Constitution of Nepal, 2007 provisioned Minimum Conditions and Performance Measures (MCPM). Later wards it has obligated to the local bodies (LBs); district development committees (DDCs), Municipalities and village development committees (VDCs) should formulated appropriate plan for women, children and socio-economically deprived and marginalized groups based on Local bodies' resource mobilization guideline, 2013. The guideline (Article No.10), has clearly mentioned at least 35 percent of total capital budget to be

allocated for the defined targeted groups. Minimum Conditions and Performance Measures (MCPM) adopted Performance Contract with LDOs and Executive Officers. Local Governance and Community Development Program (LGCDP) towards local governance sector wide approach. Mobilization of NGOs, civil society, private sector and donors at the local level Social Mobilization, ward citizen forums and citizen awareness centers for empowerment and enhanced downward accountability.

Under new federal structure, new constitution of Nepal, 2015 developed new course of local governance. It has dissolved local bodies which were developed before twenty five years during the restoration of democracy in 1990. Instead of local bodies, government created 753 local levels (6 metropolitan cities, 11 sub metropolitan cities, 276 municipalities and 460 village levels) in the country (The Annapurna Post Daily, May 11, 2017). Constitution also provisioned twenty two powers/ jurisdictions of local levels. Those are municipal police; function of local cooperatives; FM radio operation; local tax, service fee and fines; management of local services; local statistics and record keeping; local development program and projects; basic and secondary education; basic health and sanitation; management of local markets, environment and biodiversity conservation; agriculture roads and irrigation; village/municipal/district assembly, courts and dispute settlements; management of local records; distribution of land, building ownership certificate; agriculture production management and livestock health; management of senior citizen and disabled people; collection statistics of unemployment youths; management of agriculture production; drinking water, small electricity and alternative energy projects; disaster management; conserving biodiversity and preservation of language culture and fine arts (Constitution, 2015). Local governance system also provisioned transparent practice, public accountability, increase local leadership and encouraging the private sector to participate in local governance for providing basic services to the people (Ministry of Federal Affair and Local Development [MoFALD], 2016). The reference on characteristics of local governance also emphasized on responsible and operating governance principles concerning with service delivery, legitimacy and credibility to adequately represent local residents and allocation of resources to accomplish the desired results and greater accountability (Casey, 2005).

Challenges of Local Governance

The burdensome of local governance is lacking vibrant role of civil society and pressure groups in local levels. Local people are becoming members of different political parties. Civil society of our county are urban centric. Though, effective government action is a responsibility civil society shares with local governance itself. Responsible civil society can protect civic rights, articulate interests and demands of local people. It also creates suitable contexts for citizen participation in local development activities. Literature also says that development of social capital is, in the end, a responsibility and function of civil society (Wilson, 2000). In the reference of decentralization theory, governance is characterized by incorporation of non-governmental actors into processes that in the past were considered exclusive of governments (Jordan, Wurzel and Zito, 2005). Because of conflict between and among political parties, frequent changing government mechanism has been practicing especially after restoration of democracy in 1990. During Maoist insurgency in 1997 government mechanism dissolved elected bodies from local levels and built local development committee based on political consensus. Local politicians became stakeholders of local development with minimal public interest. Absence of elected people's representative since last 1997 to 2016 is another vital problem in local

governance practice in Nepal. During that period, political and government mechanism failed to ensure voting right of the local people to select potential leaders. In decentralization theory, ideal decentralized system developed two principles of jurisdictional design for application. First, the closer representative government is to the people, the better it works and second people should have the right to vote for the kind and amount of public services (Stigler, 1957 as cited in Shah & Shah, 2006).

The negative impact of absence of local elected bodies in local level was realized after big shocks of 7.9 magnitude earthquake on 25 April, 2015 (see in figure 3). During that period total death reached to 8020, 16033 people injured and 375 people were missing and 416359 houses were damaged (fully damage-202157, partially damage-214202) in 14 of 75 districts (MOHA, 2015). At a time huge amount of logistics were supported by various inter/national organization, I/NGOs and civil society but because of absence of elected bodies in local level relief distribution could not be effective. There is a poor accountability of local staff deployed from the central government agencies. And there is a weak discipline among the staffs working in local levels in the absence of elected officials. 2.84 billion NRs released to affected districts for the relief. Even till this date only 10 percent housing reconstruction work completed because of poor responsible governance mechanism. In decentralization theory, citizen-centered local governance system also applied three principle (responsive, responsible and accountable governance) forms of local governance for well-functioning (Shah & Shah, 2006, p. 22).



Figure 1. Quake-affected Home

Around 26.5 per cent of the population residing in quake-affected rural areas categorized as poor that pushed more than one million people below poverty line (National Planning Commission [NPC], 2015). In this framework, inadequate performance of local government can result from a number of sources. For reducing disaster risk and losses in lives, livelihoods and economic, physical, social, cultural and environmental assets government of Nepal also adopted and implemented Sendai Framework Disaster Risk Reduction (SFDRR). The priorities for action of SFDRR focuses on; strengthened disaster risk governance, more investment and embedding the 'build back better' principle into recovery, rehabilitation and reconstruction (NPC, 2015). The environment friendly local governance (EFLG) Framework also has been issued to establish environmental governance at household and local levels by 50 percent women in planning implementing and monitoring process in central to local levels (MoFALD, 2015). Government mechanism is going to conduct election in local levels very soon. There is a possibility to select educated and capable candidates by political parties as new constitution of Nepal has transmitted many power/jurisdictions to the local levels. The literacy rate of the country stands at 65.9 percent and the active population (NPC, 2013) indicate that at present there are well educated and capable youths in local levels.

Local development stakeholders are working with inadequate knowledge, capacity or will power for re/forming socio-cultural and economic structures. This is in fact another key problem revolving around public sector itself. For effective and efficient local governance practices, government mechanism planned to build the institutional capacity, facilitate the holding of elections to local bodies and mitigate fiduciary risk in local bodies and implement the fiduciary risk reduction action

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plan (FRRAP) (MoF, 2015). Nepal Portfolio Performance Reviews (NPPRs) has been practicing in local levels to achieve anticipated results. The NPPR has focused on the following five cross-cutting themes: (1) Public Financial Management (PFM), (2) Procurement Management (3) Human Resource Management, (4) Managing for Development Results or Monitoring and Evaluation (M&E) and (5) Mutual Accountability (Ministry of Finance [MoF], 2015). Because of inadequate capacity and immoral will power of the local stakeholders projects implemented in local levels are not achieving very good results.

Again, in FY2015/16, ministry of finance prioritized five sectors; agriculture, education, energy, transport and local Governance. The reconstruction and rehabilitation of local infrastructure damaged by the earthquakes will be the priority of the government (MoF, 2015). It has given high emphasized to local governance. Ministry of commerce (MoC) formulated priority export potential sectors like; agro-based products, craft and manufacturing products and services (tourism, business, education, and medical) in Nepal trade integration strategy (MoC, 2016). These priority exports cannot perform better without capable local governance that can mobilize local resources productively. This notion has appraised, rural development from international perspectives (Organization of Economic Cooperation and Development [OECD], 2016). But the problem is how international development stakeholders provide technical and financial support to local governance particularly in developing country like Nepal?

Rural Development Practices

Nepalese policies and plans are regarded as cut of local/rural development. Rural development has been one of the prioritizing principle components of Nepal's development policies and plans. For social and economic transformation, rural development efforts in Nepal started since 1956 but its impacts are still unsatisfactory. During the First Plan (1956-60), Tribhuvan Village Development Program was implemented into three levels where 45 million NRs (13.6% of total budget) allocated and benefited 2.25 million people in 3800 villages (International Center for Integrated Mountain Development [ICIMOD], 1985, p. 2). During the Fifth Plan (1975-80), Special Group Program was implemented mainly for maximum utilization of manpower through integrated development program. This plan aimed to implement target group oriented development approach or active people participation in decision making and meeting the basic need of rural areas in the overall development programs of the districts.

During the Ninth Plan (1997-2002), Rural Infrastructure Development Program, Rural access Program, Poverty Alleviation Project, Periodic District Development Plan have been implemented for overall development of rural areas. During the Tenth Plan (2002-2007), Local body Strengthen Program, Human Resource Development Program, Social Mobilization and Self-employment Program was implemented. The aim was to reduce poverty by increasing production, protecting agro-biodiversity and promoting agro-based industries with the participation of cooperatives and private sector. During 13th Three Year Plan (2013-14 to 2015/16) for transformation of daily life of rural people, the long term goal was desired to shifting Nepal from least developing country to developing country up to 2022. Because of poor investment problems, developing countries are failing to mobilize local resources. Nepal is not exceptional from that problem. Reasoning that rural economy of the country is miserable. However, according to 'Ease of Doing Business Report 2015' by the World Bank Group, Nepal ranked

2nd after Sri Lanka among South Asian countries. Owing to that Government of Nepal prioritized 10 sectors (hydropower, transport, agriculture, tourism, information and communication, technology, mines and minerals, health, education and financial institutions for foreign investment (MOI, 2016). Recently on march 2-3, 2017 government of Nepal successfully completed foreign investment summit. More than 250 foreign investors signed on 14 Kharb NRs amount of letter of intent for investment (MOI, 2017). Politicians and government mechanisms are creating investment friendly environment to the foreign investors to create income and employment opportunities.

Challenges of Rural Development

In Nepal, 80 percent of the total population resides in rural areas are living with poor networking of infrastructure and public service delivery system (Central Bureau of Statistics [CBS], 2011). The literature says that in Caribbean case governance practices interpreted from two principles: 'self-sufficiency' and 'uniformity of service. The principle of self-sufficiency can be provided through their own organization. And principle of uniformity of service can be delivered through power/jurisdictions of local governance (Schoburgh, 2006). Nepal's rural communities over the years are facing poverty because of subsistence farming, rural to urban migration and poor economic development of the country. GDP of Nepal 19,769.6 million \$ in which agriculture contributes 33.7 percent, industry contributes 15.6 percent and service contributes 50.7 percent (MOI, 2016). All total 1, 250,000 households, i.e. 7 million Nepalese, are still living below the poverty line. The literacy rate stands at 65.9 percent of active population. There are 28.17 million active populations (61% of total populations) or working age population aged between 15-65 years (NPC, 2013). The vibrant issue is they are not yet mobilizing in productive sectors of the economy. Vary rare youths are involving in commercial farming. One of the reports claimed that out of 1.34 billion agriculture workers, 37.5 percent are from East Asia, 27.4 percent are from South Asia and 10.7 percent are from South East Asia (United Nations Development Program [UNDP], 2015). According to this report a country can increase human development index by increasing numbers of workers in environment friendly commercial farming activities.

Though, Nepal secured 11th ranked in Asian country and 25th ranked in the world in terms of biodiversity richness. More than 129 ethnic groups and 123 lingual groups of Nepal also indicate richness in terms of cultural diversity. But it was/is due to ineffective mobilization of resources (natural, cultural, economic, and human), international identity of Nepal falls under least developing country. National planning commission (NPC) developed Nepal's long term Development Strategy, 2030 for upgrading our country from least developing to middle income country up to 2030. This strategy becomes guideline for achieving the sustainable development goals (NPC, 2016). Thereby, government mechanism must mobilize skilled human resources in local level for addressing rural development challenges.

Concluding Summary

Nepal has a very long history of decentralization and local governance practices. However, local governance system has been leap forwarding after 1990 with the restoration of democracy. Nepalese constitution-1990 recognized decentralization as a means to ensure optimum involvement of the local people in local governance for result oriented local development activities. Local self-governance act-1999 became guidelines for providing accessible public service delivery opportunities to the right holders. Based on that guideline, government also formulated and implemented various

rural development programs in local levels. But it was/is because of absence of elected bodies, poor capacity of local stakeholders and normatively designed development programs, local governance system becoming less responsive, responsible and accountable. Therefore, it is time to decentralize power/jurisdiction of local levels and re/forming development model for making local governance system more transformative. Nepalese constitution-2015 implemented 744 local levels and redefined 22 power/jurisdictions. There is a provision of participating eight different local stakeholders during planning and implementing of the projects. The issue of local levels is linked to representation and participation of the local people hence people have been waiting for electing potential leaders since two decades. No doubt, there is a possibility to select educated and capable leaders in local levels after couple of month. Finally, again I would like to raise some open questions: How could local governance implement power/jurisdiction in absence of elected bodies? How poor capacities of the local governance can ensures market approach of decentralization and good governance? And why it is inevitable to apply rural development knowledge by local governance in new federal structures?

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