

Concept of Self-Governance
and
Local Development

"Autonomous Local Government: Foundation of New Nepal"

Government of Nepal
Ministry of Local Development
ShreeMahal, Lalitpur

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1. Background:

The Nepalese people have been fighting continuously against the traditional unitary, feudal, monarchial system that has prevailed in the country with its diversity of ethnicity, caste, language, religion, culture and geographical region. During this struggle various armed and peaceful movements, which include the ten year long people's war and the second joint people's movement, have taken place. According to the mandate of the people's movement, the primary responsibility of carrying out the election to the Constituent Assembly and the establishing of a full-fledged democratic republic in the country has fallen upon the political parties. To fulfill this responsibility the interim government was formed with the consent of eight political parties at a specific moment of the democratic movement. The government is active to take the movement to a new goal with the cooperation of political parties. Giving consideration to this fact the interim government, along with carrying out the election to the Constituent Assembly, has also to perform the daily administration, development activities and people's welfare-oriented activities as complementary to its above mentioned goal.

2. Present Situation:

In the transitional interim period the dual government of the past is expected to end and the ministry is expected to perform with forward-looking awareness, new thinking and manner. The need of the present is to launch at least some development programs to areas where such programs have not reached and to aim oppressed classes and communities. The thinking is to eradicate past corruption, the giving and taking of commission, irregularities, inefficiency, lack of transparency and other such evils and to provide to the people good governance and development relief and services. But the aspirations and desires of the people have not been fulfilled as expected. Following are the main reasons behind this:

- In place of developing transitional forward-looking thinking with the end of the dual government, the status-quoist thinking of the failed feudal centralized state still continues to predominate to a great extent. Consequently, although the people's awareness has moved ahead there has not been the accompanying qualitative change in the functioning of the state.

- Not only is the backward conservative thinking but there also the attitude of encouraging a dependent culture and of forsaking national pride in the guise of foreign aid.
- Although the constitution has directed to follow an inclusive and federal state structure, the acts and laws made in accordance with the previous centralized unitary structure have not been changed.
- Although there is commitment of state restructuring in the interim constitution, the traditional structures of the state have not been able to function in accordance with the people's aspirations, and there has not been the expected dynamism, creativity, enthusiasm and motivation in the functioning of the state.
- Given that the existing legal provisions and the working procedures of government functioning are mostly centralized and unnecessarily complicated, it is not easy to carry out the necessary activities.
- Resources have not been mobilized to the extent of fulfilling people's aspirations and there is still financial/administrative complexity related to budget allocation, transfer of budget, etc that take months for the implementation of small sized projects.
- The issue of granting local autonomy and power devolution are related also to other ministries, hence only this ministry's efforts in this regard are not sufficient.

3. Direction of Reform:

In spite of the above-mentioned adversities, following efforts of reform have been made within the existing system.

- In order to make the people sovereign the local bodies which are close to the people have been strengthened through the productive devolution of power, thus taking forward the process of developing them as autonomous local governments.
- In order to make the state organs accountable to the people, and participatory, under the control of the people, inclusive and transparent emphasis has been given to awareness raising programs to transform the organs into the real servants of the people.
- The implementation of projects of physical infrastructure development has been speeded up, and in the area of infrastructure development consumption-oriented thinking has been changed to focus on economic production.
- Directives have been given to eliminate the inheritances of such evils as corruption, commission taking, inefficiency, irregularity, lack of transparency, etc from the top level and to undertake the process of purification.
- Efforts have been made to take development projects to the poor and backward classes and communities in a proportionate manner and to make services easily accessible.

- The effort to transform the backward traditional conservative mind-set and external dependent attitude is continuing.

4. Policy and Program:

(a) Change in Thinking:

The attitude of backward, feudal, conservative mind-set, slavery and kowtowing existing in the state mechanism will be transformed and the campaign to develop forward-looking thinking and awareness will be speeded up. And a policy of structural reform shall be followed accordingly.

(b) State Restructuring and Local Government:

To build a new Nepal is the national commitment of the Nepalese people. In order to fulfill this objective the restructuring of the state and the institutionalization of a federal structure and system is required. And to assist in the work of preparing the necessary base for this and to prepare the structure and work area of the local government is the main responsibility of the Local Development Ministry. The Interim Constitution of Nepal 2007 aims to end the centralized and unitary state structure in order to eliminate class, ethnic, linguistic, gender, cultural, religious and regional discrimination and to restructure the state in an inclusive, democratic and forward-looking manner. To achieve this goal by assisting in the great responsibility of holding elections to the Constituent Assembly the local governments will be restructured with the aim of making them efficient and effective.

It is evident that state organs should be transformed as the servant of the people. Given that the state organs that do not directly work in the interest of the people are seen by the people as a burden, it is essential that people-controlled mechanisms be built that operate under the direct leadership, monitoring and guidance of the people. The characteristic of a real democratic state is to be an important means and medium for the performing of activities in the interest of the people. In order to take the local level units in that direction they shall be made to participate in the exercise of autonomy.

To develop Village Development Committees institutionally as well as resource-wise and as an efficient unit from the point of view of service delivery they shall be institutionally strengthened. Village Development Committees shall also be endowed with functions, duty and power on the same level as the municipality. Arrangements shall be made to restructure both the Village Development Committee and municipality on the basis of population, geographical situation, revenue potentiality, development infrastructure, etc.

The local governments restructured in this manner shall be made resourceful and inclusive from the perspective of population, structure, and functional responsibility. Central state organs also shall be restructured so that coordination and cooperation can be obtained in the functioning of an inclusive and participatory central, state and

local government. Accordingly, the Local Development Ministry shall also be restructured to transform it into a facilitator and a liaison ministry in the functioning of state/province and local governments. For this a policy shall be adopted whereby the centre shall take the responsibility of national security, defense, monetary policy, economic stability, comprehensive policy preparation, standard setting, regulation, quality control, international relations and human resource development, along with works of national importance requiring things like large capital and high technology, while the remaining activities will be carried out under an autonomous system.

While forming the state structure a hierarchical division of primarily central government, state/provincial government and local government shall be adopted. The local government shall include villages and municipalities. Until the state is restructured and power and resources distributed, in order to address the aspirations and demands of the people arrangements shall be made to run the local government responsibly by political representatives with the consensus and coordination of the political parties. In this context, in order to fulfill the demands of the people until the state is restructured, the centralized functioning of the state shall be fundamentally transformed and full devolution made effective on the basis of the devolution of power. The distribution of resources shall be made scientific and just according to the guidelines provided by the Interim Constitution of Nepal 2007.

(c) Local Autonomy and Service Delivery:

- Local government is not an alternative of central government and state/provincial government but rather its integral part. Therefore, the more the local government becomes reliable and trustworthy the image of the central government and state/provincial governments also improves. Thus, a strong relationship shall be established between the local government and the governments above it.
- In the interim period the local units shall be formed on the basis of consensus and coordination of the political parties and shall operate under political leadership. The restructured local units shall be the foundation for the building of a new Nepal. All concerned offices shall be operated according to the policy of full devolution under the umbrella of local bodies and shall be fully responsible to those bodies. Also, the programs run by NGOs and the private sector at the local level shall be coordinated, and a system of working in cooperation and partnership through such NGOs and private sector institutions shall be adopted. Arrangements will be made to make the bodies transparent, responsible and oriented towards the people. A system shall be adopted to run all organizations, institutions and programs by remaining within the plans and policies of the local bodies.
- To promote the capacity of local bodies their work performance system and their organizational structure shall be made effective, efficient and up-to-date. To make the local bodies effective, along with transforming/bringing forward the necessary standards, policies, regulations and guidelines, initiatives will be undertaken to improve the service delivery through trained personnel and e-governance.
- In order to make the local body officials (elected representatives and staff) fully responsible to the people by changing their work style, behavior, etc, a code of

conduct shall be made and implemented. This will help in providing guaranteed and reliable service to the people.

- Taking into account the physical infrastructure and the availability of other services steps will be taken to transform potential and town-oriented settlements into full-fledged municipalities. After restructuring the local bodies will be made capable of providing all kinds of services at the local level. This will make the people feel that services are increasingly accessible in their own neighborhood.
- The local body financial commission shall be strengthened and arrangements will be made to undertake activities like study, research, base preparation for grant allocation, revenue generation and the implementation of grants (with conditionality and without), and financial monitoring through the commission.
- According to revenue potential power will be devolved to the local bodies for revenue generation and the additional rights related to revenue. The revenue allocation between the centre, state/province and the local body shall be undertaken on the basis of scientific standards and will be made reliable and transparent.
- The revenue generating system of the local bodies will be made efficient and effective. Obstructions will not be put on highways in order to raise taxes. No double taxation shall be imposed following the imposition of tax by one concerned body. If such double tax has been imposed, a law to punish the concerned local body and contractor shall be made and implemented.
- The grant provided to local bodies shall be provided on the basis of a scientific system. Arrangements shall be made to channel the money received through revenue allocation in the development of concerned issue-wise areas. Local bodies while providing integrated service under one roof shall manage their resources and personnel taking into account the national minimum standards. On the basis of the minimum conditions of work undertaken by the local bodies and the evaluation of work achieved, a grant system will be established based on performance.
- Given that even during the period of state restructuring the activity of providing services to the people has to be continued, a Service Backup Centre will be established at the area level to provide in an integrated manner quick, efficient and effective services and to carry out development activities so that the people do not have to come to the district headquarters for services. For the management and running of the centre the District Development Committee will assign an officer in chief from among its officials involved in the providing of services at the local level. All government bodies engaged in development activities at the area level will be managed and conducted from the centre. The center will provide technical assistance to Village Development Committees in the providing of services and in the preparation of plans and in implementation, monitoring, evaluation and coordination.
- The plans and programs conducted at the local level will be participatory. The people will be directly involved in the preparation of plans, priority delineation,

running and conducting of programs, management, monitoring, evaluation, benefit sharing and repair and maintenance. The people will have full ownership of the plans.

- To enhance the institutional capacity of local governments a separate local/state/provincial services will be created by the law within three years.
- In order to enhance the capability of local level personnel and to develop human resources the organizational structure of local development training academy will be changed, and activities to promote the capability of local bodies will be initiated.
- Large towns and cities will be provided with more rights according to necessary work area, so that metropolises and sub-metropolises can function with even more autonomy. The infrastructure development of municipalities will be improved and upgraded so that the municipalities can develop according to modern urban norms and standards.
- To protect the environment and for the scientific management of waste, special emphasis will be given to identify and to build landfill sites. Special emphasis will be given to develop municipalities and town-oriented areas as clean and attractive residential areas as well as centers for economic development. Programs to improve the environment will be coordinated. Selected municipalities will be developed as model urban areas.
- Given that at present the trust of the people has not been obtained in the scientific management of waste, at least one sanitary landfill site will be constructed and run in each of the five development regions. Giving special attention to the management of the waste in the Kathmandu Valley, in addition to the construction and the running of the Okharpauwa landfill site another landfill site will be identified and constructed. A management system will be developed based on the recognition that waste by itself is an important resource. In the production, collection, transportation and composting, etc of waste efforts will be made to attract public-private participatory approach.
- The details of all the private and public land within the area of the municipality shall be prepared and published and arrangements will be made to protect the lands.
- Arrangements will be made to delegate rights to the local bodies in order to carry out preliminary environmental evaluations. For this arrangements will be made to enhance the capabilities of District Development Committees, metropolises and sub-metropolises.
- Activities will be initiated to effectively implement a policy of public-private partnership at the local level. By identifying the possibility of private sector partnership at the local level the private sector will be involved in the development of infrastructure and in the management of services.
- Nepal falls not only within an earthquake prone zone but is also under risk from various other disasters. Given that it is more efficient and effective to carry out

most of the possible activities related to disaster management and risk minimization through local governments, for this purpose local plans will be made and implemented. For this, central technology will be transferred and the capacity of local governments enhanced.

- By evaluating the environmental impact in the area of local infrastructure development, an environmentally friendly infrastructure will be developed to minimize the negative impact upon the environment. At the local level the concept of labor intensive green roads will be promoted.
- To coordinate and implement together the delegated activities at the local level with the relevant line ministries a decentralization implementation and monitoring committee and a working committee (DIMWC) within it as well as other necessary coordinating agencies will be established and strengthened.

(d) Social Security

- In the employment and opportunities generated at the local level women, *dalit*, indigenous nationalities and the people belonging to socio-economically disadvantaged groups and to backward classes and regions shall be given priority. The monthly allowance provided to the elderly and the helpless, widows above sixty years and the disabled will be continued by reforming it according to the current situation. This provision will be made even more transparent and just. In the management of the distribution of this allowance, a policy of involving the concerned groups will be followed.
- The impact of the social security program being implemented at present will be evaluated. And to manage it even more effectively a policy of providing social security allowance on the basis of positive discrimination and social justice to marginalized citizens will be followed by taking into account the Karnali region and socially and economically backward regions, average age, disability, disadvantage, gender and class.
- According to the system of registering individual life incidences, birth, death, marriage, divorce and, without negatively impacting upon the rights of local indigenous nationalities, migration will be developed as the primary resource of the information system. With this objective a national campaign to register individual life incidences will be carried out and updated at regular intervals. The information system will be computerized at local, state/provincial and central government levels, and appropriate institutional arrangements will be made to effectively and in an well organized way to carry out the activity of registering individual life incidences. Likewise, the local bodies will be taken as primary focal points for the integrated information and their capability will be enhanced, and a system of coordination with the different levels of government will be developed.
- Individual life incidences registration system will be tested by cross checking it with other services like family registration system, citizenship, voters' list, social security, education and health.

(e) Oppressed Group and Community Development

- Special programs will be conducted for the development and upliftment of economically and socially marginalized groups, indigenous nationalities, oppressed and marginalized groups, *dalit*, *madhesi*, *muslim*, backward classes, etc. The programs being conducted at the local level by various bodies and agencies will be monitored, and their social audit carried out to find out whether they are inclusive or not. An institutional arrangement will be made at the local level to see whether the above mentioned classes, especially the oppressed class, gender and ethnic and caste groups, are being addressed or not while programs and budget are being implemented and forwarded at the local level.
- As per the commitment agreed upon in the common minimum program of the interim government to develop special programs and mechanisms for the development of the Karnali region and its adjoining areas, an economic, social and employment generating (poverty alleviation) program will be conducted covering all the districts of the Karnali region. The programs being conducted in the Karnali region by various bodies and agencies will be coordinated and complemented by each other, and a monitoring mechanism will be established with this in aim.
- The Remote Area Development Committee will be reformed according to the times and will be developed as an institution of the people living in the remote areas with a feeling of ownership. The more remote and outlying regions of the remote areas will be given priority, and arrangements will be made to conduct programs and activities therein through the local bodies.
- A policy will be adopted to provide resources in a just manner to areas, regions, classes and ethnic groups that have been marginalized till now as a result of the unitary and centralized state structure.
- Efforts will be made to give constitutional status to the National Foundation for Development of Indigenous Nationalities and the *dalit* commission. The role of the central level bodies concerned with the oppressed regions and classes will be reviewed and made more effective. Likewise, special arrangements will be made for the development of the backward classes, *muslim* and communities on the verge of extinction.
- A social mapping will be carried out of indigenous nationalities, *dalit* and oppressed classes and, on its basis, various programs will be conducted and expanded targeting such backward and oppressed groups.
- Emphasis will be given to protect and promote the languages and cultures of indigenous nationalities.
- Given that the freedom to use one's own mother tongue is a fundamental right, necessary preparations will be undertaken to ensure the freedom to use one's own mother tongue at the local level.
- Community development programs will be conducted and expanded by targeting the most disadvantaged group in the society, women, *dalit*, groups on the verge of

extinction, indigenous nationalities, backward classes, *muslim* and communities living in remote regions deprived of services as well as individuals, families and communities disadvantaged according to human development indicators/poverty mapping.

- Encouragement will be provided to socio-economic capital development and mobilization through organization, skill development and saving mobilization by organizing communities for this purpose. By identifying the needs of the community arrangements will be made for the immediate management and running by the community of a skill-generating, employment-generating and productive program for income generation and occupational activity. For the management of this program, the local development fund and the community development fund in the local bodies will be institutionally strengthened.
- Full ownership of the programs conducted at the local level will be given to the community by including all classes, gender and ethnic groups in the community activities conducted in the community and by developing social goodwill and collective feeling.
- Arrangements will be made to specially address the demands raised by local communities/institutions, while preparing local level plans.

(f) Local Infrastructure Development

"Basis for Local Development: Productivity Centered Infrastructure"

- Short-term and long-term strategic planning for local infrastructure development will be prepared and implemented.
- Local physical infrastructure that could not be built, repaired and run during the armed insurgency (road, bridge, suspension bridge, water supply, electricity and other community infrastructure demanded by the community) will be built, upgraded, rebuilt and rehabilitated. This will not only make accessible at the local level services but also generate employment, thus increasing productivity and employment.
- Given that in the past the basis for infrastructure development, instead of being economic and productive, was based on supply from the outside and was limited to the tendency towards consumption, a policy will be adopted to make infrastructure development activity productive and result-oriented in order to have within a certain time period direct positive impact on the services provided to the people. Physical infrastructure development will be conducted as an inalienable component of the rural agricultural economy and all development projects will be redefined and, according to necessity, reincorporated.
- Priority will be given to, instead of increasing the number of infrastructure being built at the local level, qualitative development and the upgrading and running of projects that bear fruits within a short period of time. The tendency to leave

projects uncompleted will be discouraged and arrangements will be made to provide necessary resources to complete uncompleted projects. Arrangements will be made to provide money, so that all can proportionately have access to infrastructure development activities.

- In the implementation of development projects a policy of maximum mobilization of state bodies and agencies and human resources will be adopted. Minimizing the contract system the system will be adopted only in unavoidably large projects and in projects that use advanced technology. Development projects will be implemented with the extensive mobilization and participation of the people through their real community organizations and user groups. The artificiality and irregularity seen in the formation, mobilization and the running of user groups will be removed. An environment will be created whereby only the true users or consumers can work or participate in the groups.
- A system will be ensured to oversee the project by the people by making public and transparent the project budget, work progress and other details related to the project.
- Monitoring, supervision and public hearing of complaints related to the projects shall be made effective. The system of taking necessary actions by the concerned local body against any perceived irregularities will be made more effective and strengthened.
- Rural roads within 4 hours of walking distance in the hills and 2 hours of walking distance in the tarai will be constructed and upgraded. Roads within the municipality will be upgraded and constructed and improved upon according to urban standards. To facilitate transportation in remote rural areas priority will be given to the construction of community bridge, suspension bridge, etc and activities will be carried out in this regard.
- In the area of infrastructure development, especially of road construction, a policy will be adopted to utilize the all-weather roads built with the extensive participation of the government, local bodies and the people.
- Arrangements will be made so that the time taken for fetching drinking water in rural areas does not exceed 30 minutes. Also, drinking water and sanitation activities will be carried out in an integrated manner. Necessary arrangements will be made for the integrated management of water resources by conducting drinking water, irrigation and small hydro-electricity projects.
- Food for work program will be conducted in hill districts not touched by motorable roads and in food deficit districts. In other districts emphasis will be given to the conducting of cash for work programs. Also, special priority will be given to the conducting of infrastructure development programs demanded by the local people and of programs involving the participation of the local people.
- To arrange for the management of the additional activity and responsibility in the area of local infrastructure according to local infrastructure development policy, standard preparation, quality maintenance and to facilitate and coordinate local bodies from the technical perspective, the role of local infrastructure development

and rural road department will be changed and their work responsibility and organizational structure built by making them responsible and sensitive to local bodies. Arrangements will be made for the providing of technical manpower of a responsible level at the local level.

(g) Coordination and Assistance

- The budget provided by the centre for periodic and annual local level plans will form the priority basis in the preparation and implementation of central level plans. The local planning will be taken as a component of central and national level planning. By adopting a participatory planning system from the local level itself, national policies and programs will be made with the role of the centre as a facilitator.
- The programs being conducted by the various offices of the Nepalese government, NGOs, private sectors, financial institutions, etc will be made effective by conducting them in an institutionally coordinated manner through coordination, partnership and information sharing.
- To coordinate the activities and programs being conducted by various donors/development partners involved at the central and local levels a sector-wise approach to programs will be adopted. According to such an approach a common manual will be prepared and a common fund and system of running programs will be developed. This will end the project approach and implement the program approach. Also, there will be uniformity in program system and in implementation methods, along with a conducive environment for all donors to work in a coordinated manner. The money disbursed to the local level will be made reliable, equitable and balanced.
- The role of civil society (intellectuals, journalists, professional organizations and institutions, etc) will be promoted to ensure transparency, increase in responsibility and the provision of services of the programs being conducted at the local level.
- To coordinate with the NGOs and INGOs working at the local level coordination will be undertaken between the Ministry of Women, Children and Social Welfare, Social Welfare Council and line ministries, and a mechanism to share information will be established. To ensure that there is no duplication of activities by NGOs and INGOs and for balanced development and transparency; programs will be conducted in a coordinated manner through the District Development Committee. Emphasis will be given, while selecting the area for the program, to conduct programs in areas designated by the District Council and the District Development Committee. In areas and localities where the program is being implemented emphasis will be given to public hearing and transparency.
- To maintain complementarity between the various programs conducted by the various ministries the policy coordination committee and directive committees will be made systematic as well as active and productive.

(h) Good Governance

- To divide budget ceiling sector-wise as well as by geographical region (VDC/municipality) and targeted programs, a technical mechanism will be established and, on its basis, a process of participatory planning will be initiated. This will ensure the balanced/proportional budget distribution and remove unjust and inequitable distribution. To see whether the budget is being distributed in the above-mentioned manner an effective monitoring mechanism with scientific indicators will be established.
- To ensure the rights related to education/health/employment/women and children as well as other rights enshrined in the constitution, the local governments will be committed to initiate and undertake development systems based on rights
- For programs of infrastructure development at the local level with a budget above Rs. 100,000, a notice board will be placed at the project site and a system of public audit will be adopted.
- For maintaining transparency in the program and budget, information will be provided through the media such as local publications, FM radio, etc and a system will be established for making public the financial and physical progress report of the program.
- A separate mechanism for listening to complaints will be established at the local level. In the case of complaints of corruption or irregularities against projects implemented by local bodies/authorities, proper action will be taken after immediate investigation.
- Regular field monitoring will be carried out for all implemented projects by the responsible authorities of all levels of the ministry. In case of any problem in any program/project arrangements will be made for the immediate resolution of the problem through a participatory and democratic approach by assigning a team to look into the problem.
- Emphasis will be given towards objective and qualitative monitoring system, thus improving past monitoring and supervision systems that were based on financial and paper audit.
- Creativity and result-oriented work approach will be adopted by simplifying and facilitating methodology and by improving upon the tendency of adopting a work approach in a routinized manner.
- By ameliorating the tendency to be motivated by anarchic self-interest in the running and mobilizing of local bodies, without giving due regard to local opinion and moving ahead in a traditional manner and by discarding basic norms and values of the people, emphasis will be given to the taking of decisions on the basis of the opinion and the participation of the people. Also, emphasis will be given on the effective implementation of policies and programs already initiated. This will improve upon the weaknesses and inefficiency in the planning seen in the past.