



NJ: NUTA

Implication of Local Government Institutional Capacity Self-Assessment System at Municipal Governance

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DOI: 10.3126/nutaj.v10i1-2.62973

Abstract

Local governments have a key role to play in ensuring that public services are provided close to the people under the federal governance system. Therefore, the success of federalism depends on the effectiveness of the public service delivery function. The constitution has provisioned legislative, executive, and judicial powers to local levels, Province and federations based on the principles of cooperation, coexistence, and coordination. In this context the local government institutional self-assessment (LISA) framework has been used by the local government in Nepal since the implementation of federal democratic republican constitution 2015 main objectives is to effectiveness of improve the quality. Acts and regulations related to these methods. The practice of LISA by improving the web-based LISA system has been introduced as an innovative instrument to track the performance of local governments in Nepal after the governance system was restructured from unitary to federal with significant power and resources of the local level. The process of LISA creating capacity begins with a capacity evaluation. It presents a precise picture of the organization's strengths and weaknesses. The output of this approach unambiguously calls for the capacity-building initiatives needed and helps foster ownership to boost self-esteem. More specifically, LISA's primary goal is to investigate current practices in 10 local governance-related areas.

Keywords: federal system, governance, LISA, local government, self-assessment

Introduction

The Democratic Republican Constitution 2015 has provisioned Nepali governance from a unitary to a federal system. The provision of fundamental public services such as those in the areas of education, provincial, and municipal administrations has been devolved under the constitution. The local administrations now have 22 jurisdictions and independence. Local governments have the power to create local revenue, create their own laws, plans, and programs, and put such laws, plans, and programs into effect within their respective jurisdictions. The local governments serve as the citizens' doorstep governments. The provision of fundamental public services such as those in the areas of education, health, drinking water and sanitation, irrigation, power, agriculture, and livestock is under the purview of local governments as a whole. Additionally, they must build local infrastructure, including

buildings, roads, and bridges. They have a few regulating agencies, such as essential registration and market monitoring, NGO mobilization, dispute management, and others.

Governments now use a variety of technological tools and software to streamline administrative procedures and boost the productivity and effectiveness of public institutions. For instance, mobile apps, open data, social media, technical and organizational networks, sensors, data analytics, and more are integrated into the working environment of government, indicating the development of the concept of digital government to improve the effectiveness of management, administration, and governance (Gil-Garcia et al. 2017, p. 634).

The institutional development of local governments is at various levels. There are a total of 753 local governments, including 420 rural municipalities, 276 municipalities, 11 sub-metropolitans and 6 metropolitans. Many of the municipalities and all the sub-metropolitan cities, including the capital city of Kathmandu, are relatively new and underdeveloped. The effectiveness of local administrations is crucial to the success of Nepal's decentralization and federal system. Since delivering fundamental services to individuals and fostering democracy begins at the local level, success or failure has important implications for all parties involved. Although the supply side has not been sufficiently improved to meet the new demands and generally, please service seekers, the demand side is powerful enough to make its voice heard. The digital era has also arrived in Nepal. The local government institutional self-assessment (LISA) at the municipal level is a novel institutional performance assessment method recently implemented in Nepal. LISA is a web-based performance assessment system that aims to make local governments more accountable, transparent, and effective in providing services.

Objectives

The major objective of the study are:

To explore the impact on the implementation of LISA system at municipal governance of Nepal,

To identify challenges of LISA to improve the performance of Local Governments

To analysis reflecting their institutional capacity with SWOT analysis.

Methodology

Methodologically, the nature of this investigation was qualitative. In essence, secondary data from several sources was utilized in the study. It was based on an empirical analysis of numerous academic papers, publications from various journals, scientific studies, and reports from government agencies such as MoFALD, NPC, and different Municipality. More specifically, acts and regulation pertaining to local government, various policy documents, and reports served as the research's informational sources. And show the weakness of the government applying the proper rules and regulations.

Results and discussions

In the unitary system, the Local Bodies' Fiscal Commission (LBFC), established pursuant to section 237 of the local Self-Governance Act 1999, oversaw conducting research on local taxes, determining how well local bodies performed, and making recommendations to the central government regarding capital grants to local bodies. Beginning with FY 2004/05, LBFC implemented the Minimum Condition and Performance Measure (MCPM) assessment with the triple objectives; to prepare criteria for allocation of unconditional grant for local bodies based on the performance, to conduct SWOT analysis of local bodies' and provide feedback for capacity enhancement and to explore realities of

local bodies. If plan, policy and program which are affecting their performance. The MCPM evaluation system had helped local bodies perform better and with other administrative tasks. Additionally, it has aided in making local bodies more aware of their community and ensuring openness in the actions taken by them. These actions helped local bodies abide by legal requirements, preserve financial regulation, and lessen the threat of fiduciary responsibility.

Introduction of LISA

Following the adoption of the new constitution in 2015, local organizations became local municipal administrations. Municipal administrations are fully in charge of the delivery of municipal services as well as openness and accountability in local development. To create viable and active local governments, the local governance system underwent a thorough reorganization exercise. LISA's primary goal is to investigate current practices in 10 local governance-related topic areas. This framework has also developed triple objectives for situational analysis such as to monitor whether the local government's performance is on the right track as per LISA guideline 2077, to identify capability enhancement related to essential need-based program and to justify the use of governance practices (rule of law, accountability tools, and decision-making) as well.

Link with LISA and local governments

The basic goal of LISA, according to the preamble to the LISA guideline 2020, is to evaluate organizational strengths and weaknesses, boost competitiveness, and create competent and successful local governments. This tool gives local governments a checklist they may use to assess many aspects of their operations, such as governance systems and procedures, administrative mechanisms, financial systems, and service delivery systems. Additionally, evaluation aids in tracking development and identifying priority areas, which feed local government's institutional development strategy. In a single control panel, the LISA offers a more comprehensive perception of the performance of all local governments. The system evaluates the specific local government's prospects, risks, and weak points.

The evaluation is web-based and managed at the central level. A participatory assessment process has been used, ensuring thorough discussion among staff and elected officials. The local governments should conduct it once a year. The Board of Executives should adopt the LISA findings, which should then be supported by the local legislature and published. Quality control is a requirement that will be managed by the federal government.

Among the ten main topic areas represented by the 100 indicators are: 1) Governance, 2) Organization and Administration, 3) Annual Planning and Budgeting, 4) Financial Administration, 5) Mechanisms for delivering services, 6) Judicial performance, 7) Development of physical infrastructure, 8) Gender Equity and Social Inclusion, 9) Disaster preparedness and management, and 10) Coordination and Collaboration (LISA Guidelines 2020).

Challenges of LISA indicator and local government

This system was created at the federal level of government. MoFAGA has assumed the lead in designing this system as it is connected to and accountable for the capacity development of local governments. The system was created after extensive collaboration with numerous stakeholders and was tested in a few local governments to see if it was useful, dependable, and appropriate in the real world. The system has been designed with the following implementation strategies to encourage local governments.

Bench marking of local governance

Bench marking for all local governments at the municipal level is based on the LISA. The provision of annual announcement of the highest performing local governments is noted in LISA Guideline 2077.

Fiscal transfers from federal government

The National Natural Resource and Fiscal Commission Act of 2017 allow the fiscal commission to base its evaluation of local government performance on five percent of the overall equalization grant. The federal government transfers money to local governments. The equalization grant, special grant, conditional grant, and complementary grant are the four types of transfers that are included in the intergovernmental fiscal management act of 2017. The LISA guideline also serves as the foundation for evaluating local level performance. The system offers a forum for local government initiatives to be shared, with the goal of fostering competition amongst local governments. The approach broadly identifies development priorities and provides assistance for the best local level use of the scarce resources. The assessment method also aims to advance accountability and openness of the local governments.

Relation to local governance with theories/models

The initiative was taken at the federal level, which falls within the coercive category of institutional isomorphism. A ministerial-level decision issued at MoFAGA has made the system by local governments necessary. The system is now being adopted and implemented by the local governments. In this system LISA adopted the spatial analysis model to the operational activity. In the FY 2020–21, 66 percent of local governments used this instrument (LISA Dashboard, MoFAGA, GoN).

Major findings

Significant, benchmarking platform for local governments. It is anticipated that the municipal governance system will become more competitive, fair, and transparent as a whole. The evaluation system also has a distinct area for collaboration and coordination. The indicators for cooperation and coordination encourage local governments to form alliances with other nearby local governments and to communicate and share information with higher-level governments. The municipal governments are required to publicize the LISA findings on their official websites, in print publications, and online. Stakeholders and the public can view these results and express their opinions on how well the municipal government is performing. It is anticipated that this instrument will promote effective service delivery, a higher level of satisfaction among local people, transparency and accountability of the local governments. Implementation problems are more likely to affect the majority of innovations. LISA's implementation procedure can cause some difficulties as well. For instance, institutional willingness, ownership, and inspiration are difficulties. Additionally, a quality assurance system and generic incentive program have made it difficult to maintain the governance system.

Institutional Capacity to Readiness**Physical infrastructure and resources**

The municipal governments have only recently begun to use the system from the previous three years. To functionalize their system, they must operationalize it with structure and procedure. Out of 753 local governments, 21% lack regular power supply, 7% lack dependable internet connectivity, and 15%

have not yet installed computerized systems in their offices. Additionally, 10% of local governments lack an IT officer and/or dedicated IT employees that are responsible for managing the entire online assessment process (GON, 2020). It demonstrates that there is a lack of local preparation in terms of the physical infrastructure and human resources, which makes it difficult to use the technology. (Damanpour et.al (2008) Pp 498).

Motivation and ownership

The federal level was used to design the system. Although the pilot project made an effort to represent local governments, there is a good probability that local governments will view the system as a federally imposed tool. The local governments can find themselves in a situation where they are unwilling to support the system. It has also been demonstrated that a manager's age might have a negative impact on organizational creativity and change (Damanpour et.al (2008) Pp 498). The innovativeness and adoption of new technologies are directly correlated with educational attainment. Most likely, a better degree of education encourages a stronger propensity to adopt new technology, and vice versa. On the other hand, it has been found that younger people are more likely to be creative and adaptable technology (Jung & Ejermo, 2014). In terms of local government, the majority of mayors are over fifty and have only a high school diploma or less. They also exhibit lesser levels of digital awareness and literacy. Therefore, there is a good likelihood that the political leader will be reluctant to use the LISA instrument. Similar to this, a person's attitude, values, and actions encourage innovation. Employees that work in innovative cultures feel comfortable expressing fresh ideas and sharing information since they are aware of the worth of their opinions (Joanna et al., 2008). The top-down, controlled organizational culture and hierarchical structure of the organizations make it less likely that LISA will be adopted and put into practice at the local level.

Accountability and Transparency

Reward and sanction system

Most of the mayors in local governments are over fifty and only have a high school certificate or less. Additionally, they demonstrate lower levels of digital literacy and awareness. The political leader will therefore likely be reluctant to utilize the LISA instrument, which is a good possibility. A person's attitude, values, and behaviors foster innovation in a manner similar to this. Since they are aware of the value of their perspectives, workers in innovative cultures feel free to share knowledge and offer new ideas (Joanna et al., 2008). It is less likely that LISA will be embraced and put into use at the local level because of the organizations' top-down, tightly controlled organizational culture and hierarchical structure.

Financial incentive

The local governments must test this product using their own resources. Additionally, they must finance the IT infrastructure, which is a prerequisite for using a web-based evaluation system. Currently, the majority of local governments are spending money on physical infrastructures like highways, irrigation systems, drinking water systems, and so forth. The federal government does not currently offer any conditional grants or programmatic support to help local governments build their IT systems. According to the LISA guidelines, LISA data may also be used as a foundation for financial transfers

to local governments. However, there is no obvious connection between the LISA guideline's incentive provision guideline and The National Natural Resource and Fiscal Commission Act.

Impact on public service delivery

LISA is an innovative tool to improve municipal governance

A comparable system of measuring performance, known as the Minimum Condition and Performance Measure (MCPM), was previously used at the local level. The introduction of a reward system was based on the MCPM score. Web-based LISA has been established as a novel instrument to track the performance of local governments following the reform of the governance structure from unitary to federal with significant power and resources to local level. It can be viewed as an innovation by the public sector to enhance local government in Nepal.

Legal provision. The ministerial level decision has approved the LISA guideline. Section 80 of the Local Government Operation Act of 2017 (LGOA), which makes provisions on the use of ICT at the local level, serves as the foundation for the guideline. The LGOA does not have a self-assessment provision. It is discovered that the LGOA, which mandates that LISA be implemented by local governments, has a solid legal foundation.

Quality assurance. Although the LISA guideline has provided the responsibility of quality assurance to MoFAGA, still there is not any mechanism in place to cross check the LISA score claimed by local governments. The tendency of people to score high in self-assessment is a common phenomenon. There might be the chance of data manipulation in the system. Unhealthy competition might occur among the local governments to be a best performer. This type of self-biases might raise the question on the reliability of the assessment system. Similarly, there is another challenge of data security of the system. This 178/ PRASHASAN ISSUE 134 system carries a lot of essential information of local governments. If the system is not protected appropriately, there is a high risk of data misuse, hacking and system collapse.

Sustainability. An advanced IT system was used to build the LISA tool. Currently, a scheme funded by the national government provides an IT officer to each local municipality. At the local level, IT officials are in charge of managing the entire IT system. The local governments do not have permanent IT staff members or permanent staff members that are knowledgeable in IT systems. Therefore, once the project support is finished, it can be challenging to handle the tool in the future. The government has also been funding the capacity building development of IT officers. The local government would not be able to continue the web-based evaluation system if the IT officer were to be terminated for whatever reason. Additionally, as previously mentioned, this system was developed using ministerial level decisions at MoFAGA. There is no legal justification for requiring local governments to use this technology. As was previously said, the institutional readiness at this time does not appear to be very supportive of the complete implementation of the LISA tool at the local level. One of the key elements that encourages local governments to accept and internalize any advances is the incentive system. To make the incentive provision indicated in the guideline a reality, there are no incentive mechanisms in place. Local governments won't be encouraged to maintain the system going forward unless an alluring incentive mechanism is implemented.

Conclusion and recommendations

This system is a cutting-edge method of monitoring municipal governments' performance. There are difficulties in implementing the system, as previously mentioned. To overcome these conceivable weaknesses and implement the system to achieve the goal of constructing thriving local governments, all players must be dedicated and committed. Some interventions and motivating strategies should be used to overcome the difficulties. For the system to be sustained, the following actions should be taken.

Legal basis of LISA. With the ministerial decision and a LISA guideline, the tool was launched. The guidelines cannot give local governments a legal obligation to implement LISA. LISA should be incorporated into the Local Government Operation Act in order to make the system mandatory for local governments.

IT infrastructure development. There are isolated communities without access to the internet or electricity. Local governments lack the necessary technical expertise and vast financial resources to manage these infrastructures. Therefore, the federal and provincial governments should place a high priority on creating the infrastructure needed to supply each local government with dependable internet and electricity. (Issue 134/179 of PRASHASAN ISSUE)

Capacity development. The performance of the local administrations has been hampered by their inadequate institutional capability. Based on their needs and desires, higher levels of government should offer capacity building training. Regular coaching, mentoring, and assistance should be provided to ensure the skill transfer mechanism so that the system can function effectively in the future even if they do not receive any programmatic support from the federal level. To aid local governments in exercising LISA, more consultation, communication, and regular contact mechanisms should be developed.

System security and quality assurance. The danger of system failure is always significant for government data platforms. The system should implement enough data security safeguards to protect it from such a risk. At the federal and provincial levels, a permanent staff of experts might be maintained to guarantee security and offer the required technological support. Additionally, a strong system of quality assurance should be implemented to guarantee the authenticity and dependability of the system. For the system to reduce the possibility of data manipulation, there should be enough checkpoints. Selected local governments with high scores may be reevaluated using a third-party evaluation method. Any of the government-owned training institutions, including Staff College, may provide a third party for quality assurance.

Incentive mechanism. An incentive mechanism such as rewards, additional fiscal transfers, capacity development supports should be introduced in connection with the result of LISA. The incentives will motivate the local governments to improve their performance and share it through LISA. Based on the LISA score, best performing local governments should be declared, and rewarded at the provincial and federal level on an annual basis. The nationwide recognition of best performing local governments increases competitiveness and motivates them to improve their performance. The provision of performance-based transfer in the NNRFC Act could be linked with the LISA score, which could be instrumental in materializing the legal provision of the NNRFC Act. Local governments should develop their capacity development plans (CDP) based on the LISA results. The underperforming local governments could receive special capacity development money to carry out their CD plans. To fill their capacity shortfalls, technical help and backstop support from the federal and

provincial levels could be offered. The Provincial and Local Governance Support Program (PLGSP) has presented the idea of an Innovative Partnership Fund (IPF). To improve service delivery, local economic development, and citizen quality of life, IPF encourages and supports local governments to launch and adopt new concepts. The performance of the local government as determined by the LISA tool may be one criterion for choosing the project of the local level under IPF.

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