

## Local-Self Governance in Federal Nepal: A Critical Review

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### Abstract

This paper sheds light on local self-governance in Nepal, including its structure, components, practice, prospects, and limitations critically, while raising questions such as: what were the reasons for transforming the unitary system of governance into the federal structure, what are the principles of local government, and how does it work under the federal framework? It is a descriptive and analytical paper that best uses data from secondary sources and observing functions of local governments. The study's theoretical foundation is based on good governance principles, aimed at improving the quality of service delivery by the local government in Nepal. The elected representatives of the local government make plans and policies for public welfare, utilizing the power conferred on them by the law. By evaluating the historical landscapes, practices, and outcomes of local self-governance, it has been concluded that the quality of the government is the result of a continuous interface among system capabilities, public response, and accountability.

**Keywords:** Accountability, autonomy, democracy, federal structure, local government

### Introduction

Local governments are political subdivisions of a nation and function as social change agents, influencing social, political, and economic development. Although the local government is not a sovereign government. Modern local governments are components of the central structure as a result of the libertarian trend that began in the first half of the 19th century to support the local people in pursuing their performance and expressing the autonomy of the local community. It is an organization that looks out for the needs of local communities in order to ensure the pleasure of its citizens. Good governance is connected to the idea of local government. It was created to lessen the load on the central government by putting the major five foundations of good governance into practice. Participation, representation, accountability, and the application of the law (Pokharel and Pradhan, 2020). To put it more exactly, they create the basement for a developed, happy, and prosperous society. It is argued that real democracy can flourish only in the federal system. A federal state, according to Garner (cited in Pokharel, 2023) is one in which the national constitution or the Act of parliament that established it divided or distributed all governmental authority between a central government and the governments of the

various states or other territorial sub-divisions that make up the federation. His thought focuses on the dispersing of centralism.

In 1971, Nepal began its march toward municipal governance. The Local Administration Act, of 1971 organized Nepal into four development areas, and a fifth region was added in 1980 with the Act's second revision. Each development region had two or three zones, subdivided into districts, districts into Ilakas, and the Ilakas into Panchayats.

The country is reframed under a three-tier federal structure in Nepal's new constitution (2015), which is based on four principles: the republican nature of Nepal, the existence of a parliamentary democratic system of government, the transition from a unitary to a federal system of government, and the adoption of the principle of proportional representation (Adhikari, 2020). To achieve the prescribed goals, it establishes 753 local governments, and seven federal provinces, and assigns certain legislative, judicial, and executive functions to provincial and local governments. The new charter has recognized strong provisions in support of women and participation of minorities according to which a total number of 14,339 positions (41%) are held by women and 29% by *Dalits*, *Janajatis*, and significant representation of *Madhesis* in the parliaments (Adhikari, 2019). Thus, inclusive

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democracy and postmodern principles have been included in Nepal's current constitution.

Decentralization and local government methods have existed in Nepal for a very long time. However, after the restoration of democracy in 1990, local government has advanced dramatically. Decentralization was acknowledged in the constitution of the 1990s as a way to guarantee the greatest possible level of local participation in local administration for goal-oriented local development activities (Kharel, 2075 BS). In Nepal, local government has been a topic of discussion for seven decades, during which time six different constitutions have existed. It has been said that the government's present reorganization is a "radical" experiment. With the primary goal of attaining "shared rule" among the national, provincial, and municipal levels of government, political leaders pushed for the transition from a unitary to a federal form of government. They felt that doing so would enable elected officials to address issues of inequality and prejudice in a way that would eventually increase national stability. The Constitution of Nepal, enacted in 2015, introduced three categories directly responsible for the daily affairs of the local populace. Notably, even before the country adopted a federal structure, the concept of local government had been in practice.

Nepal is now separated into seven provinces, with 460 rural and 293 urban municipalities within each province. Overall, the recently created municipalities are bigger, have more power, and are accountable to the Nepali people for maintaining their country. The local government should adopt a strategy to improve the residents' quality of life. The local government should establish clear laws on what types of enterprises are allowed or prohibited in particular locations. This article aims to explore the reasons for establishing federalism in Nepal, identify the constitutional provisions related to the powers and functions of local governments in Nepal, and evaluate the performance of local government under new arrangements.

### **Conceptual Framework of Local Governance**

"Local Governance" refers to institutional networks, contacts, partnerships, and group efforts to advance local democratic practice. The term "local governance" in its broadest sense can promote democratic principles, beliefs, and practices of many sorts of locally operating organizations. This is a recent development centered on human collectivism. Diverse community groups and networks are

anticipated to be able to use these places to promote and take part in coordinated action for a locally specified agenda (Rai & Paudel, 2011). Making the government responsive to and responsible to the citizens under its purview is the core tenet of local governance. The connections between five important governance concerns may be used to determine the development and reinforcement of local institutions. 1) The natural method of regulating people 2) The method for strengthening democracy. power shifting from the center to the local level (3) the government's responsiveness and accountability; (4) the remedy for the top-down strategy's failure; and (5) the price of government effectiveness (Ojha & Rai, 2010). In order to improve the level of governance in the setting of Nepal, it is essential to comprehend these fundamental challenges.

The four key aspects of local governance revolve around addressing the following questions: 1) How can local government be held accountable to the people within its jurisdiction? 2) How can the structure of local governance ensure the inclusive participation of all sectors of the community? 3) How can transparency be ensured in the functioning of local governance? And 4) How can a dual institutional framework be established to discourage unhealthy competition (Rai and Paudel, 2011, 19). In Nepal, maintaining an autonomous governance system that satisfies the aspirations of various stakeholders poses a significant challenge. Nevertheless, there exist numerous opportunities through which these challenges can be transformed into positive outcomes. The system of local governance has the potential to play a crucial role in establishing, promoting, and institutionalizing local democracy in Nepal.

### **The Discourse of Local Self-government in Nepal**

Nepal has a rich history of various parties advocating for local self-government, dating back from the Kirata period to the present. During the Rana regime, the concept of local autonomy was scarcely discussed or acted upon, only mentioned superficially in the constitution without any substantial implementation. In 1982, the Decentralization Act was introduced during the Panchayat era, which lacked democratic principles. Even the Malla dynasty in Nepal upheld the values of good governance. An illustrative example of excellent governance concerning ethical considerations is found in the reign of King Mahendra Malla, who ensured that everyone had enough to eat before having his supper. This exemplifies a compelling instance of governance

focused on ethical concerns. In the present dynamic environment, people govern through well-defined systems and clear-cut processes, rather than being solely guided by moral principles and ideals (Khanwalker, 2015). These visions are significant for the empowerment of the provincial and local governments on the federal structure.

As a result, "governance" refers to more than only organizations or the government. Since 1989, countries reforming their political systems have increasingly embraced democratic governance as states look for appropriate means of political representation (Thapa, 2020, p. 106). Citizens have the chance to participate in their own governance in a democratic society and hold the government more accountable.

Following the restoration of democracy in 1990, limited but notable efforts were made to enhance democratic governance at the grassroots level in Nepal. Among these efforts, the Local Self Government Act (LSGA) of 1999 stands out as a significant and progressive attempt towards inclusive and democratic governance. Nevertheless, the actual devolution of power encountered various difficulties and challenges. Some crucial issues related to the implementation of devolution and the LSGA 1999 included concerns about autonomy and conceptual clarity, weak fiscal discipline and accountability, pervasive corruption and impunity, insufficient institutional capacity, the dominance of a centrally oriented bureaucratic hierarchy over local empowerment, problems with popular participation, structural constraints and power hierarchies, and psychological barriers (Rijal, 2018). According to this description, the problem of the mindset or disposition of upper layers of government and ineffective persons in power who did not care about development in wider perspectives was one of the biggest obstacles to Nepal's development of decentralization and local self-governance in the past. The Constitution of Nepal, which was enacted on September 20, 2015, is thought to be primarily concerned with the transfer of authority from the federal and national governments to the province and local ones.

In order to overcome the challenges faced in previous systems, the 2015 constitution of Nepal laid the groundwork for a comprehensive transformation of state structures and operations. Embracing a federal system of governance, the current constitution aimed to decentralize power, bringing the government closer to the people, and facilitating the exercise of

democratic rights. The ultimate goal was to ensure accountability of government units and achieve equitable, effective, and efficient service delivery. The federal government, seven provincial governments, and 753 local governments make up Nepal's political structure, according to its constitution. The constitution recognizes the importance of local governments to the nation's democracy and socioeconomic progress. There are 77 district coordinating committees positioned adopt the two different local government types, Gaunpalikas (460 village governments), and Nagarpalikas (293 city governments). In addition to having shared authority with the federal and provincial governments, the village and municipal units also enjoy a number of unique authorities (The Government of Nepal, 2015). Structure, authorities (legislative, executive, and judicial), financial resources and fiscal autonomy, expectation priority, service delivery, and accountability are the main problems of the municipal government.

### **Structure of local government in neighboring countries**

#### **India**

India's 73rd and 74th constitutional amendments mandated the creation of rural and urban local governments in each state in order to improve grassroots democracy by decentralizing governance and giving local political bodies more authority to make it more inclusive and participatory. The amendment established a three-tier system of municipal government, guaranteeing some consistency in how they are organized and run throughout the nation.

According to India Development Review 1a 2020, "there are more than 2250000 local government bodies across India with nearly 3.1 Million elected representatives and 1.3 Million women representatives" (India Development Review, 2020, p. 1). India's two-tier system of a federal and state government was replaced with a three-tier system with Gram Panchayats at the village level, Block Panchayats or Panchayat Samitis at the block or Tehsil level, and Zilla Parishad at the district level with the passage of the constitutional amendment. Rural administration and service delivery are the responsibility of the Gram Panchayat, which is led by a Sarpanch. The Block Panchayat supervises a collection of Gram Panchayats and manages educational initiatives. All Block Panchayat activities within the district are coordinated by the Zilla

Parishad, which is also in charge of project planning and execution at the district level. Additionally, in urban areas, Metropolitan or Municipal Corporations take charge of local governance with the Mayor or Commissioner as the head. While the system remains consistent across the country, variations exist due to India's federal structure and each state's autonomy in forming its local governance laws and structures.

The primary goal of establishing grassroots institutions in India was to lessen the concentration of excessive power at the center, operationalizing democracy in order to bring about economic development and social justice, better solutions to multifaceted problems, increasing the prospects for community development, improving civic amenities, developing future leaders, protecting the interests of women and minorities, and making accountable, aware, and truthful. India continues to face various difficulties, including those related to functionality, finances, and the independence and effectiveness of implementers.

### **China**

Due to its vast population and physical size, China has had a multi-level governmental system since the beginning of time. China's current constitution establishes three tiers of government. The communist party of China (CPC) started the process by classifying five autonomous regions, 30 autonomous prefectures, and 116 autonomous countries. In reality, there are five tiers of local government: the provincial (province, autonomous region, municipality, and special-administrative region), prefecture, county, township, and village. Such structure was designed with the objective of state-led efforts for poverty alleviation, fast economic growth, and industrialization, curtailing institutional corruption, ensuring the rule of law, deepening functional reforms, and upwarding accountability.

The Chinese local government system is hierarchical, with the four main tiers being the province, prefectural/municipal, county, and township/village levels. In any province, autonomous area, or municipality directly under the national government, the provincial level denotes the highest power. The prefectural/municipal level, which consists of prefectural cities or municipal cities, acts as an administrative division below this. Counties and autonomous counties are separated into county-level cities, districts, and autonomous flags at the county level. The township and village levels make up the

lowest tier and are in charge of local affairs and essential services.

Parallel to the government structure, the Chinese Communist Party (CCP) operates at each level, playing a significant role in decision-making and governance. The combination of both government and CCP structures results in a unique and intricate local governance system in China.

### **Nepal**

Over time, Nepal's local self-governance has seen major changes, demonstrating the nation's dedication to decentralization and community empowerment. Local governments now have more autonomy and power in decision-making because of the Local Self-Governance Act, passed in 1999, and subsequent constitutional revisions. Municipalities in both urban and rural areas as well as wards, which are the lowest administrative levels, make up the system of local government. Citizens actively shape local policies and development plans through elected officials, allowing them to meet their unique needs and goals. This devolution of authority fosters a sense of ownership and accountability among local communities, which has reinforced democratic values while also resulting in more effective and responsive service delivery. The need to develop institutional capacity, ensure financial sustainability, and address regional imbalances are still issues. In spite of these difficulties, local self-government in Nepal continues to be a key factor in promoting equitable and sustainable development at the community level.

The Nepalese Constitution stipulates that the three levels of government must be given the capacity to carry out three governing responsibilities relating to legislative, executive, and judicial activities by granting 22 exclusive rights and 15 concurrent functions (Acharya, 2022). The most crucial legal standard needed to institutionalize the new local governments is the Local Government Operation Act (LGOA), 2017, which was passed. This Act outlines the duties and authority of the local government and establishes the fundamental framework for how municipal/rural municipal assembly will operate. The locally elected representatives hold their positions in order to enact laws at the local level using the financial resources allocated by the federal and provincial governments in accordance with the law, as well as other resources such as revenue generation, service delivery, and prioritization to meet the needs of the general public. The present local governance system of Nepal is structured as follows:

The local government system of Nepal is structured into three tiers. At the top is the federal level, which holds authority over national-level policies, foreign affairs, defense, and other significant matters. It consists of the President, the Prime Minister, and a bicameral parliament. The second tier is the provincial level, with seven provinces, each governed by a Chief Minister and a provincial assembly. The focus here is on coordinating and managing region-specific affairs like healthcare, education, and infrastructure. Finally, the local level comprises municipalities and rural municipalities, headed by elected mayors/chairpersons and councils. This tier is responsible for grassroots administration and service delivery, catering to the needs of local communities. In comparison to the Chinese and Indian models of local self-government, the Nepali provision is better in the sense of liberalization of ruling authority and strengthening grassroots democracy structurally and functionally.

### **Strengths and Weakness of Present Local Government in Nepal**

To work for general local development and democratization in Nepal, local self-governments have a number of benefits within the constitutional framework. These possibilities are not without constraints. The advantages and disadvantages can be summarized as follows.

#### **Strengths**

Federalism is new to Nepal, and putting it into practice is quite difficult. Since the federal government is superior to the local levels, some academics who support the provincial government believe that the local levels are unnecessary. Similar to this, some local-level representatives consider the provincial government useless. In this regard, Subash Nembang (2020) accurately remarks that their justification for refusing to acknowledge the necessity of another government appears to be self-centered.

Local leaders now hold the reins of Singh Durbar inside their community. Locals have been able to save time and money, and the practice of visiting Kathmandu the same on a tight budget has been abolished. There has been a noticeable growth in the participation and representation of Dalits and women in local administration. The new system has expanded employment at the local level and provided access to data on the construction of infrastructure,

including roads, bridges, irrigation water supplies, etc. In comparison to the previous system of governance, the local government has developed into a very effective setting for the provision of public services, a coordinating hub at the local level, an independent platform for creating budgets, freedom of executive action, and free and fair decision-making. Federalism in politics, finance, and administration are now more accessible to the general public because to the tier-by-tier distribution of authorities and organizational structuring.

#### **Weakness**

In spite of so many strengths, the local governments in Nepal are not free from certain challenges of limitations. Lack of enough resources laws and policies, the governments have not been able to fulfill the unlimited demands and aspirations of local people. Due to a poor level of awareness, the local leaders are unnecessarily influenced by political ideology and their party leaders in development works. The infant federal system of Nepal still lacks coordination with the center. Due to poor managerial skills, the local representatives lost their time through inaugurations and closing programs. Sometimes the local leader becomes too liberal and too directional beyond the legal provisions. Despite this, the local government has not been able to improve the capacity of representatives from marginalized communities, including women and Dalits. This is because these representatives lacked the will and moral principles to prevent the unwarranted interfere and encroachment of elite social activists in decision-making and the mobilization of local resources.

In reality, without functionalities, the budget and functions are useless. (Subedi, 2020, p. 46). The main institutional and administrative barriers seen in Nepal's local government system are ignorance, poverty, unemployment, corruption, and illiteracy. Other obstacles to local government in Nepal include a lack of resources both material and human in comparison to the expectations of the populace, a lack of local representatives with relevant experience, a lack of laws, plans, and policies, ineffective decision-making and implementation, and a lack of awareness of accountability and transparency.

#### **Conclusion**

In order to achieve sustainable development and equality, and to respect people's freedom at all levels and in all matters, the notion of local self-government is developed from the goal of liberalizing central

power to its subordinate institutions and promoting grassroots democracy. In order to include locals in local development activities, mobilize local resources, and oversee local affairs, Nepal has taken a number of measures during the past 65 years to improve local institutions and governments. The efforts made by the Panchayat, constitutional monarchy, and multi-party democratic regimes were ineffective. As a result, the federal democratic republican system of the Nepalese constitution of 2015 allowed for the legal establishment of seven provincial governments and 753 local governments. The Local Government Operation Act of 2017 and the Nepali constitution both provide that municipalities (urban and rural) organizations have a number of exclusive rights as well as a shared authority with the federal and provincial governments. The local government is entrusted with legislative, executive, and judicial powers and responsibilities.

The key concern is still whether local governments have the financial resources and fiscal autonomy to achieve their budgetary demands and objectives, despite the fact that considerable problems have surfaced with regard to local government disbursement. In comparison to Panchayat, a unitary democratic system under the 1990 constitution, the federal local government of Nepal found for better local governance system though it is still in the infant stage. Whatever resources available at the local level are found not to be properly managed. Thus, it expects further strengthening. The availability of financial resources, preserving accountability and transparency, and coordinating interactions with the federal and provincial governments, development partners, and civil society are the fundamental difficulties of local governance in Nepal.

The procedures put in place to ensure that the spirit and contents of local government are effectively implemented in response to these issues through effective legislative instruments, with the appropriate structural, administrative, legal institutional, and functional framework, and with the objective of making them committed to working effectively in pursue of community needs and expectations. For the growth of countries like Nepal, there is a need for a fusion of good governance principles with ethical and contextual solutions to the challenges that are already present locally. To accomplish all these tasks, the people from the area must be involved in this process.

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I declare that this work has been ethically conducted.

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