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**Research Report**

## Community and local governance for peace and development in Nepal

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## Community and Local Governance for Peace and Development in Nepal

### Summary

Nepal is currently experiencing a political stalemate as its Constituent Assembly (CA) could not write a constitution and its extended four-year term ended prematurely following a court ruling due to a lack of political consensus (on issues of state restructuring and form of governance). The peace process has yet to reach a satisfactory conclusion after a decade of war waged by Maoists. Presently, Nepal's caretaker government aims to hold new CA elections, whereas the opposition is asking for the prime minister's resignation. Overall, governance is deteriorating, there is diminishing accountability and service delivery is failing. Moreover, the central government is increasingly failing to reach out to citizens living in the periphery. Some politicians and opinion-makers see the increase in political aspirations of various ethnic groups (especially those related to ethnic federalism and a socio-economic restructuring of the state) as a cause of the current crisis and blame those who have mobilised demands for inclusive democracy.

Economic growth has been slow – the peace process did not provide any substantial peace dividends. The local governments (LGs) are losing their legitimacy – as they are not elected – and there are increasing allegations of corruption within the transitional structures.

Still, mechanisms of local and community governance are very important elements for Nepal's transition to sustained peace. Nepal has more than 50,000 community organisations (COs) and about 4,000 local and municipal governments. Community-based development initiatives, despite their challenges, are often effective in social-capital formation, providing employment, creating local infrastructure and peace-building. Reforms aiming to empower the communities and raise their awareness level have been satisfactory. LGs, despite their internal disarray,

are creating more and more citizen forums and COs for this purpose. Strengthened LGs and COs can complement the overall situation of peace and development by expanding social capital and applying the principles of good governance. They can help smooth the way during the current transition process and absorb the shocks of uncertainties from the state-restructuring process in Nepal.

But the current programmes for strengthening local and community governance are facing serious challenges in their implementation. They suffer from gaps in credibility and the lack of commitment from politicians and bureaucrats. There are also issues of poor linkage and coordination between various levels and agencies as well as a lack of empathy and outreach towards the citizens. A number of reforms are required to improve the overall governance situation in Nepal and make the LGs and COs more effective. Important reforms are:

- **Local governance reforms:** immediate elections for LGs, even if it is only for a transitional period; planning and budgeting of LGs linked with demand mobilisation of citizens, fiscal transparency through public hearings and budget education; inclusion of diverse ethnic and disadvantaged groups in government structures through affirmative action programmes.
- **Compact with people:** strengthen ward citizen forums and community organisations; enact a law for community empowerment; discourage politicisation of community organisations; invest more in social mobilisation.
- **Peace and development framework:** conflict-sensitive approaches to development; development works for conflict-affected areas; plan for faster and inclusive economic growth.

### **Nepal in transition and the agenda of state restructuring**

Nepal, at present, is at a crossroads. State affairs are being conducted under an interim constitution. The central agenda of the nation is to write a new constitution, restructure the state and conclude a peace process with the Maoists, who fought a “people’s war”. The Constituent Assembly had extended its life to four years, but it could not deliver a constitution and was dissolved. This has resulted in deep frustrations among its citizens. The major issues currently contested in the writing of a constitution are the form of governance and state restructuring. Nepal has been a centralised state for all of its modern history and has no experience with federalism, though it has experimented with different forms of decentralisation at the local government level.

Ethnic domination of Hill Hindu higher caste groups in state affairs for centuries has marginalised many indigenous ethnic groups and the people from the southern plains, the Madhesi. They are demanding an identity-based ethnic and regional federal structure, which is not acceptable to many people who belong to the former ruling class, or the current elites, who want to consolidate power. The discourses on federalism and state restructuring have become emotional debates about ethnic federalism, with issues being raised like whether a province should be divided on the basis of recognition of a single dominant identity or on the basis of mixed identities. This has generated a lot of conflict and cleavages in Nepalese society. Debates on the relationships of emerging federal provinces with local or municipal governments or discussions about quality of governance have thus faded into the shadows.

### **Failing governance with negative impacts on peace and development**

Nepal’s performance in governance is poor and deteriorating. According to World Bank governance indicators, Nepal’s performance deteriorated between 1996 and 2010 in the areas of voice and accountability, political stability, government’s effectiveness, regulatory quality, rule of law and control of corruption. Most governance indicators worsened even after the peace process was initiated in 2006. The International Crisis Group reports that the current peace process and management of the transition process has created an alarming situation regarding the deterioration in governance in the country. It has especially raised alarms for the deteriorating law and order situation, the increasing incidences of extortion and other violent crimes, and the failure of the government to reach people living in the periphery of the country. Overall economic growth has slowed markedly and peace is faltering. The vulnerable and poor communities are suffering most.

### **Crisis in local governance**

Local governance is deteriorating and suffering from impacts of a prolonged transition, as there have been no elections for the local governments in the last 10 years. There are increasing allegations of corruption within the transitional structures. The central government has made weak commitments to steer the decentralisation process and has been ineffective in coordinating LGs and commu-

nity efforts. The political parties bicker among themselves about the nature of the transitional and temporary arrangements needed at the local government level. The lack of transparency and accountability and corruption are issues that affect all levels of government. As a result, the ability of LGs to deliver public services has suffered. The LGs are run by centrally appointed bureaucrats, who are challenged in executing programmes that have value for the money and that provide services to citizens, especially the poor. Poor citizens have to pay bribes to get essential services from the service providers in the public sector, services that are often delayed and of low quality.

### **Effective local governance through community development and community-driven development**

Community-based development programmes that are planned, implemented and owned by the communities themselves through their community organisations are perceived to be less problematic than local development programmes directly executed by agencies of the government. They are helping the disadvantaged and vulnerable communities in establishing livelihoods, small community infrastructure and social mobilisation to foster awareness among the people about their rights. More than one-third of the population of Nepal are either members or beneficiaries of community institutions. The local commitments and innovations of community organisations and the efforts of local governance through community development have produced thousands of success stories of empowered communities. The people feel that their voices are heard by the people in government. With the financial and technical support of LGs and other agencies, they plan and implement their subprojects on their own, which improve their quality of life. Many communities getting support from such community-based programmes have come out of poverty traps and have improved their health, sanitation and education conditions. Effective social mobilisation and empowerment with access to resources have enabled communities to expand social capital and build local peace.

The community organisations and local government structures have the potential to mutually benefit and complement each other. What they need is a proper focus on compatibility and complementarity. For instance, the community awareness centres created by LGs with the support of the Local Governance and Community Development Program (LGCDP), and the community organisations created by the Poverty Alleviation Fund, are comprised of the same or similar groups of disadvantaged and poor people who can work in tandem.

Community-based development helps to strengthen decentralisation at the local / municipal government level and effective local governance helps in the growth of community organisations. The quality, efficiency and effectiveness of programmes executed by the local governments improve if the community organisations (which include various user groups) are chosen as owners and implementers of their local development programmes. Inclusive development and local peace-building becomes possible for the local governments when they engage and empower the communities’ institutions.

## Stabilising the transition to federalism through strengthened local and community governance

Recently, the community mobilisation approach has been criticised in Nepal, because the supply side (capacity of government) is weak and rising frustrations have caused more risks during the current transition process. But contrary to this criticism, a survey of opinions and perceptions suggest that strengthened LGs and empowered COs will help smooth the transition to federalism and yield peace. Local governance and decentralisation at the local (village and municipal) level is an instrument for overall governance reform, which expands the outreach of government to the local and citizen levels. This is made possible by expanding social capital to handle local conflicts and by enforcing some basic rules to apply the principles of good governance, like accountability, transparency and inclusive participation, which result in efficient service delivery and effective local development.

The institutions at the local and community levels can help absorb the shocks and uncertainties in the transition to federalism. Ethnic differences have fewer impacts on divisive politics and the peace process at the local and community levels because people engaged in smaller coordinated groups are more cohesive and have common economic and social interests. Figure 1 presents an outlook about how community-based development programmes can help in strengthening local governments and make decentralisation an effective tool for governance reform. Effective decentralisation and federalism can help improve overall governance, thereby contributing to more peace and development, which will help stabilise the current transition process in Nepal. The international community may want to do a comparison with similar cases of engagement at the local and community levels in other countries in transition and reflect on this.

## Challenges and gaps in local governance

Current programmes in Nepal for governance reform in general – and for strengthening local and community governance in particular – face challenges in their design and concepts. Some of those implementing them have not learnt from past lessons and have not used the existing

structures and resources. The LGCDP, a programme to strengthen local governments through community development during the current transition period, is the successor programme of a series of earlier programmes with similar objectives. The LGCDP has additional challenges relating to the fragility caused by the prolonged transition process, the overall deteriorating quality of governance and the lack of elections for the local institutions. Yet, it has not used the structures and resources of former programmes and has not learnt the lessons of those programmes – implemented during the time of more severe Maoist resistance – because of planning and implementation faults.

The Poverty Alleviation Fund (PAF), which works at the community level and focusses on targeting the poor, must deal with the challenges of linkage (with LGs and other agencies), targeting (the ultra poor) and sustainability. Local Peace Committees – created for local peace-building and community-awareness centres and ward citizen forums created by the LGCDP for community mobilisation – are well-designed but do not have a proper resource structure, clear terms of references or commitments from the national-level agencies. These programmes also have problems in prioritising and sequencing their activities and optimising their resources.

Mostly, the development programmes and interventions for change have failed thus far in Nepal because of a lack of commitments from the politicians and bureaucrats. They use double-speak and have shown reluctance to deliver or to walk the talk because of their vested interests. Bad governance is not the result of innocent omissions, but very often a result of deliberate decisions. There is a huge credibility gap with the politicians and bureaucrats in Nepal. The politicians have not had to face elections for a long time, especially at the local government level, and the bureaucrats are not subject to downward accountability.

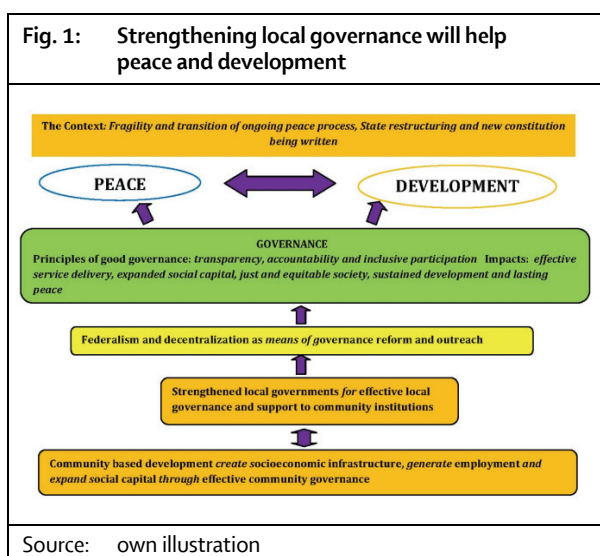
## Policy recommendations and suggestions

A number of policy reforms are required to improve the delivery capacity and quality of governance in order to cope with the fragile situation and deliver peace and development. The reforms are required by the overall governance structure over a long-term period for better transparency, accountability and inclusive participation at the national and local levels. Some reforms are needed for linking the plans and budgets of LGs with the demands of citizens as well as the capacity development of LGs for the effective delivery of services. More priority reforms in the near term are required in the areas of local elections, inclusion of communities' voices at the local level, empowerment of community institutions and the integration of peace and development programmes. Some suggestions for various actors in Nepal are as follows.

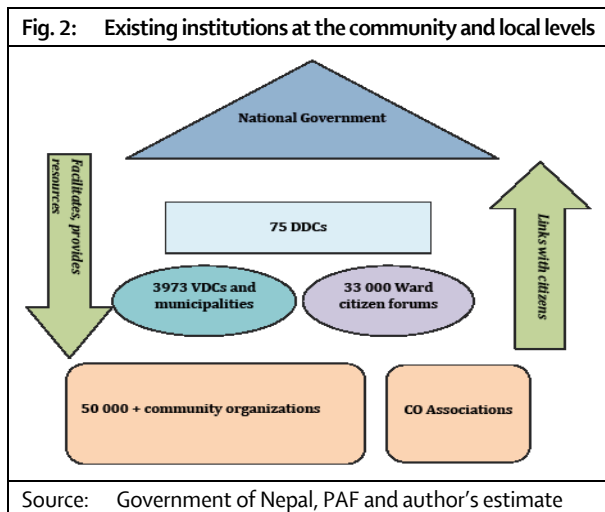
### Suggestions for the government of Nepal

*Immediate local elections:* The government should consider immediate elections for local governments, even if they are only for a transitional period. This will revitalise the local governments and renew their legitimacy. This will also help energise the local communities and improve the credibility of political parties at the local level.

*Use of community organisations and local governments in managing transition:* The government should support tens







of thousands of institutions at the local and community levels to help facilitate the current transition process. A compact between the citizens and the government can be designed where the LGs, their extended arms of ward citizen forums, and COs can work as bridges between the government and the citizens. A community empowerment act should be enacted to recognise, empower and facilitate the community-based organisations and to develop proper linkages with local governments. Figure 2 shows that there are more than 50,000 community organisations and related associations, 33,000 ward citizen forums and 3,973 LGs in Nepal that can contribute towards stabilising the transition and help in providing the anticipated peace dividend through inclusive development, if the higher levels of government help in the facilitation and provide resources. The COs and their associations need to offer meaningful representation in ward citizen forums, village development committees (VDCs) and district development committees (DDCs).

**Broader and deeper decentralisation:** The government should consider making a mandatory decision concerning the delegation of responsibilities matched by adequate funding or ap-

propriate revenue assignments by all ministries to local governments (which are currently working through their local agencies). Federalism should be considered as a form of broader decentralisation and should be based on the principle of subsidiarity as well as the basis of a blend of ethnic and non-ethnic models.

### Suggestions for local governments and community organisations

**Coordination of LGs and COs:** The LGs should plan together with ward citizen forums and COs. Implementation of local programmes should be through COs. COs should coordinate with LGs and integrate their plans with those of LGs.

**Local peace-building:** The local peace committees need to be formed at the VDC- or municipality level and the LGs need to invest in peace-building.

**Re-delineation of LGs' boundaries:** DDCs, VDCs and municipalities need to be geographically re-delineated and their numbers need to be reduced for better efficiency.

### Suggestions for development partners

As development partners, aid agencies as well as the international community should encourage and engage with the government of Nepal and political parties to:

- hold elections for local governments immediately, even if it is only for the transition period;
- agree on an integrated peace and development framework that has a three-pronged strategy focussing on: conflict approaches to development; development work for conflict-affected areas; and a plan for faster and inclusive economic growth;
- emphasise community-based peace and development programmes with components of social mobilisation; and
- support harmonisation and coordination of programmes at the local and community levels and the capacity development of LGs.

### Literature

Acemoglu, D. / J. Robinson (2012): *Why nations fail: the origin of power, prosperity and poverty*, New York: Crown Publishers

Mallik, V. (2012): *Local and community governance for peace and development in Nepal*, A study report, Bonn: Deutsches Institut für Entwicklungspolitik (forthcoming)

This briefing paper is based on a study about local- and community-level governance and its contributions to peace and development during post-conflict transition in Nepal. Four programmes and three districts were chosen for this study, which involved the study of reports, secondary data analyses, focus group discussions with citizens, opinion surveys and interviews. Views expressed by the author are his independent views and not related to his past or present positions in Nepal.



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