Challenges and Opportunities in Municipal Governance

Voice of Cities: LGAR Special Edition
VOL. 15. ISSUE 1. 2015

The Asia Foundation
Challenges and Opportunities in Municipal Governance
In collaboration with:

Freedom Forum, Kathmandu, Nepal
Institute of Integrated Development Studies (IIDS), Kathmandu, Nepal
Municipal Association of Nepal (MuAN), Kathmandu, Nepal
Nepal Forum of Environmental Journalists (NEFEJ), Kathmandu, Nepal
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With the Support of:
Australian Government, Department of Foreign Affairs and Trade, Kathmandu, Nepal
Despite the absence of elected representatives for almost two decades, the provisions of the Local Self Governance Act (LSGA) 1999 have continued to apply to local bodies in Nepal through government-appointed bureaucrats. While this has helped in some measure to decentralize development and enabled local stakeholders to be formally part of the planning process the political vacuum at the local level since elections were last held has caused severe distortions in local governance practices and resulted in a culture of collusion and impunity.

*Challenges and Opportunities in Municipal Governance* is the sequel study to The Asia Foundation’s *Political Economy Analysis of Local Governance in Nepal* (2014) and examines governance in selected municipalities during this transitional political period. This study reports on the Asia Foundation’s Local Governance Action Research on activities deployed to minimize collusion and enhance accountability in the allocation and execution of municipal budgets selected municipalities across the country.

We thank the Ministry of Federal Affairs and Local Development and the Municipal Association of Nepal for their support of the Local Governance Action Research program implemented by our partners Freedom Forum, Institute for Integrated Development Studies, Nepal Forum of Environmental Journalists, and Samudayik Sarathi. We gratefully acknowledge the financial support by the Government of Australia’s Department of Foreign Affairs and Trade. The Asia Foundation’s program team comprising Mark Koenig and Ashray Pande managed the overall research activity, with principal analysis and drafting responsibilities ably carried out by Jayjeev Hada. We are particularly grateful to these colleagues and to John Reiger, our editor.

As our and others’ research indicates, local government jurisdictions in Nepal are found to have been influenced and controlled by political groups and elites primarily through capture of local budgetary and resource allocation processes. State institutions responsible for care and oversight have been unable to
mitigate this problem; nor have non-state coalitions that seek to promote transparency and accountability in government. This presents a significant collective action dilemma for all subnational development stakeholders and we hope this study provides more clarity and common understanding of how the problem presents in municipalities across Nepal.

George Varughese, Ph.D.
The Asia Foundation
February 2015
Introduction

We are pleased to bring out this publication featuring the findings of Local Governance Action Research carried out in five municipalities of Nepal namely, Dharan, Dhulikhel, Vyas, Narayan, and Bhimdutta. We had selected those municipalities in association with MoFALD based on certain criteria’s which include representation of five development regions, geography and varied socio-economic conditions. This action research project has not only diagnosed the issues and challenges of local accountability prevalent at the municipal level, but also proscribed some remedies through capacity development activities such as orientations and trainings on right to information, transparency and accountability and so forth for the municipal officials.

Series of Town Hall meetings and sampling audit of user group projects in the selected wards have brought about very interesting and pertinent issues as well as lessons learnt. The documentation of the action research was done by one of our partners, IIDS which has captured the challenges and opportunities of local accountability in this report. All partners (IIDS, Freedom Forum, NEFEJ & Samudayik Sarathi) involved in this venture have made meaningful contributions in bringing out this report.

We hope this report will be a good read for relevant stakeholders and a useful guide for policy makers. We rest our confidence in this report to all our partners of Nepal as well as Ministries, the Planning Commission, national and international organizations working on urban governance and development. MuAN being the only representative organization of entire municipalities, is concentrating its efforts in assessing the status of local accountability particularly at this point when there are no elected representatives at the local level.
We believe this action research has been a success due to the cooperation of MoFALD and those municipalities chosen for the intervention. We would like to thank The Asia Foundation and the Australian Embassy for their support without which the LGAR project and this report would not have been possible.

Mr. Ashok Byanju  
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Chapter 1. Background

1.1 Overview of the Local Self Governance Act (LSGA)

The Local Self-Governance Act (LSGA), 1999, with its overarching objectives of promoting decentralized government structures and ensuring participation of all social groups and classes in the development process at the local level, represented a major achievement in the history of Nepal’s efforts towards democratization. LSGA has a two-fold approach: 1) strong emphasis on a greater role for civil society and citizens’ groups in local development processes through active participation, and 2) strong standards of accountability and transparency for local authorities. Although conceived in the right spirit and with sound intentions, the constrained resources and capacity of local bodies have resulted in major challenges to the LSGA’s implementation.

The issues caused by resource and capacity constraints were overshadowed by another, major political catastrophe when the tenure of locally elected representatives expired in 2002. Initially, elections of local bodies could not be held due to the nationwide Maoist insurgency. Even after the peace process, a complex sequence of events and negotiations produced only stubborn dissensus on holding elections. The central government, as a transitional arrangement, authorized its civil servants to assume all functions of the local bodies. This makeshift arrangement, now in its 12th year, set off a chain of adjustments and reactions in local political configurations that have shaped local governance in Nepal for the last decade and will continue to have implications for many years to come.

The critical decision to appoint local officials with no public mandate and no local legitimacy had wide ranging repercussions. The appointments left a political void, a gap, between the appointed leaders and the communities they were to serve, a gap which was quickly filled by locally negotiated, informal political arrangements, later given formal recognition as the All Party Mechanism (APM). APMs in each municipality were bodies consisting of representatives from the key political parties in that locality, which would
act as advisors to the executive officer of the municipal government. Their role, however, stretched well beyond advising. APMs quickly became involved in key activities of local bodies, influencing outcomes in their favor, including bypassing planning documents prepared through a participatory planning process and instead allocating the budget as advised by the APM itself. The APM adopted a system for budget allocation based largely on a multi-party pecking order established by the results of the 2008 elections, with project selection guided by party representatives. The projects selected through this mechanism are known not to adhere to the plan components established by the participatory planning process.

The use of the APM to make critical local government decisions not only undermined the objectives of the LSGA, but gave birth to a culture that promotes an informal deliberative space, in which horse-trading by party representatives calls into question budgetary decisions and nullifies the much-needed legitimacy and formal authority of local governance. This has had the further perverse effect of solidifying a set of collusive, local political arrangements in the void left by the absence of any democratic accountability. Instead of using these informal networks to compete for local resources and influence, APMs essentially created a system where negotiation for control of local resources took place directly between the political parties. While this strategy provided all parties with a rationale for engaging and supporting the government, a key strategy for moving past years of conflict, it drastically exacerbated problems of transparency and oversight, creating an enabling environment for corruption and waste. Recognizing the rampant corruption at the local level caused by the excessive use of political influence, on the recommendation of the Commission for the Investigation of Abuse of Authority (CIAA), the government abolished the APM system in 2012. However, the influence of political party representatives is now deeply entrenched in the local government system as well as the larger society, where it continues to influence key local government decisions.

Political interference has affected not just local bodies but also other civil society players, such as student associations and trade unions, which also have wings affiliated with major political parties. These affiliations, although in many cases well intended, have become heavily politicized, not from the desire to engage youth and the broader society in governance and politics, but from the imperative to strengthen the parties’ ability to mobilize local citizens, show their power, and increase their influence. Without elections to demonstrate local legitimacy, it is connections to national parties and political
actors and the ability to mobilize power locally that are the measure of local legitimacy for the parties. When even student associations are entangled in this system, it is unsurprising that local governments, which make decisions and have money for development projects, become the targets of political groups seeking to sway them for their own selfish-interest.

The primary purpose of any local government is to serve the best interests of its constituents. Developed and popular local bodies, no matter which party the officials are aligned with, are able to put the people before their personal interests. Their popularity ceases or wanes when citizens become aware that their community’s development is not their primary focus. To become popular, and hence to lead, a leader must ensure that scarce resources are put to their best use. Acting in a manner that acknowledges and respects the rights and dignity of each constituent is important. Wasteful spending on pet projects, bypassing rules and regulations, and colluding with others to the benefit an elite few will definitely not go well in contexts where it is only a matter of time before voters realize the problem and choose new leaders who perform better—for the people. Development takes place when scarce resources are not wasted and instead are put to use targeting critical problems faced by the citizens. This can only happen when the leadership has a vision to undertake quality projects, following transparent and accountable practices in the local body’s operations.

1.2 Political Economy Analysis of Local Governance

In 2012, The Asia Foundation (TAF), Nepal conducted a study, Political Economy Analysis of Local Governance in Nepal. The study identified major issues pertaining to local governance and recommended a few key policy and procedural changes going forward. The study identifies several key issues as factors limiting the effectiveness of local governance, including, among others, the erosion of government legitimacy as local governments continue to be run by civil servants with no public mandate; excessive formal procedural requirements imposed on local government bodies with limited capacity and resources; and the legitimization of APM for public finance allocation decisions and other developmental activities. In sum, these challenges have resulted in an explicit informalization of the processes and procedures of local governance. The study also identified factors that helped move this informal
system towards a culture of collusion rather than competition. A key factor was the combination of progressively increasing funds at the local level and the institutionalization of APM, which fit into and exacerbated an environment of non-competitive politics devoid of direct downward accountability. This created both a mechanism for collusion and a resource pool large enough to effectively engage all influential actors in the informal arrangements for making resource decisions. This interplay combined with other major factors to promote a culture of collusion serving the narrow self-interest of individual actors while undermining the long-term benefits of many.

The study concluded that only local elections can provide a remedy for the staggering issues of lack of representation and accountability at the local level. However, given the uncertainty of local election dates, the study offers recommendations for the short term to stimulate both the demand and the supply sides of local governance to improve accountability, transparency, procedural compliance, and other indicators of good governance at local institutions. More specifically, the study recommends engaging citizen groups such as Ward Citizen Forums (WCF) to strengthen open deliberative platforms for increased demand side participation and representation in local governance processes. Use of such a platform would improve transparency. The study also recommends using existing tools such as the Right to Information (RTI) Act to establish the need for due diligence and procedural compliance by all local governance players. These findings and recommendations from the 2012 study provided the conceptual foundation and the structural framework of the Local Governance Action Research (LGAR) project discussed in detail in the following sections.

As part of an emerging strategy to correct the massive corruption prevalent in Nepal, the government formally dissolved the APM in 2012. However, the practice of consulting the party representatives on critical finance and development decisions continues, as the local bodies still have no elected officials, and the appointed officials lack local legitimacy or the capacity to exercise the authority granted to them without support from local actors. Formal dissolution of the APM could not by itself prevent the party networks from maintaining their influence, and if anything, only further removed these informal decision-making networks from the light of public scrutiny.

The holding of national elections in 2013 brought hope that a fresh mandate for local elections would be forthcoming quickly, even as the writing of the constitution continued. So far, further discussions and approximate dates have
been the only signs of progress, however, once again echoing the culture of verbal appeasement and informality deeply seated in Nepali society. However, local elections are inevitable. Elections will provide an opportunity to rethink local accountability structures, restart healthy political competition, and promote locally legitimate leadership. The informal networks and practices formed by a decade of non-elected governance will not be immediately forgotten, however. These arrangements will continue to affect whatever system is put into place, though they are likely to evolve and change over time. The advent of elections must be coupled to efforts to reactivate accountability mechanisms and replace political collusion with competition, or their ultimate impact may be less than desired.

To limit the influence of the APM in any post-elections system of local governance, and to ensure local bodies include accountability and transparency as a part of their routine activities, the LGAR project aimed to test the effect of a series of social accountability tools on transparency and accountability in five different municipalities spread across the country. These tools, if supported by positive results, are recommended for local bodies across the country. The tools were evaluated and analyzed to see how they affected local governance: to understand their potential to affect local political cultures, enable a return to competition and oversight, and increase the public accountability of government and service providers.

The November 2013 constituent assembly elections selected a fresh set of leaders from around the country to complete the primary objective of drawing up Nepal’s new constitution after the end of conflict and the transformative People’s Movement II (Jana Andolan II). The conflict and the People’s Movement brought two significant changes to Nepalese society, the abolition of the monarchy and the embracing of a secular state. These historic developments have yet to produce a new constitution based on a federal system, however, feeding suspicions that all these efforts will result in nothing progressive. Hopes were high that the elections would pave the way for a “new Nepal” with prospects of local elections at the earliest opportunity to restore elected local governance throughout Nepal. A year into the newly formed assembly, the constitution writing process is still far from complete. Since the abolition of the monarchy, federalism has become a contentious topic of political debate at the national level. The new constitution that seeks to layout the federal structures, and thereby the local ones as well, suggests a prolonged period before local elections can take place. The citizens understand that the interference of political parties in the absence of local elections is stalling development, and
are keen to see locally elected candidates lead their jurisdictions. The fact that local election dates are nowhere near to being announced just discourages hopes for local development based on transparent and accountable local government.

Until local elections are held, and to prepare for the post-local election period, The Asia Foundation (TAF) sees the necessity for a fresh approach to local governance. The LGAR project seeks to encourage policy makers to make tweaks to existing social accountability (SA) practices in local governance. The ideal adjustments will have an impact on accountability and transparency without the big investments in institution building and capital investment that will be needed once the vision for local governance takes shape through the constitution drafting process. Seeking cost effective interventions that improve short-term efficiency in the use of funds, and that also encourage the movement of local governance towards accountable, transparent, and formally competitive systems, is critical during this extended period of uncertainty and transition. The recommendations offered here are the result of interventions in five municipal governments, utilizing a combination of popular SA tools and other engagements to help understand their usage in the local context and to make changes based on the lessons learned in the course of the project.
Chapter 2. Approach

The LGAR project is centered on a key objective: to deploy a battery of activities designed to improve accountability in selected municipalities, and to conduct concurrent research on their viability, efficacy, and impact, in order to identify an effective set of scalable measures to improve local governance during Nepal’s political transition or until local elections finally take place. The objective of the study is based on a concept first elaborated by TAF and the Australian Department of Foreign Affairs and Trade (DFAT): to design, pilot, and mainstream policy- and practice-level reforms in post-constitution local governance. This concept, the recommendations of TAF’s Political Economy Analysis of Local Governance in Nepal, and the mandate of the LSGA to promote decentralization of local governance and ensure wider public participation in local decision-making, led to the following key secondary objectives of this study:

- Evaluate the effectiveness of demand-side accountability mechanisms in selected municipalities by employing tools and mechanisms pertaining to the right to information (RTI), social accountability, investigative journalism, and media mobilization.
- Enhance supply-side responses and evaluate their impact on governance accountability by promoting proactive disclosure of information to the public, improved documentation and planning at municipalities, increased transparency in political deliberations, and improved procedural compliance with established guidelines and directives.
- Recommend short-term procedural tweaks and long-term policy on local governance based on the research findings.

In addition to studying how certain tools affected both the demand and supply sides of accountability, whether they worked, and whether they were scalable, the study also sought to assemble a broad portrait of the issues affecting all stakeholders in local governance, from the grassroots ward level up to the Municipal Council.
2.1 Municipality Selection

The program was implemented in five municipalities, one from each of five development regions of Nepal. The selection was done in consultation with the Ministry of Federal Affairs and Local Development and the Municipality Association of Nepal to assemble a representative sample of municipalities allowing researchers to assess the effectiveness of various accountability tools and approaches in different social, economic, and geographical settings. Bhimdutta Municipality in the Far-Western Development Region, Dhulikhel Municipality in the Central Development Region, Byas Municipality in the Western Development Region, Narayan Municipality in the Mid-Western Development Region, and Dharan Municipality in the Eastern Development Region were selected for program implementation (Figure 2.1). In addition, Rajbiraj Municipality was selected as the control municipality to provide counter-factual information to capture any trends in local governance affecting program environments that were unrelated to program interventions. This control was used to help draw out lessons on the impact of the tools employed in the program municipalities. All the program municipalities had small populations—Dharan being the most populated with 116,181 people, and Dhulikhel the least with 14,283.

Figure 2.1 LGAR Districts
2.2 Social Accountability Tools

As indicated by TAF in its *Political Economy Analysis of Local Governance*, corruption, transparency, accountability, and compliance issues are common in most parts of Nepal. This is primarily due to the lack of elected representation for municipal constituents, the continued tradition of dominance by community elites, and the legacy of APM influence in planning and budgets, from the consultation phase to implementation. Despite the dissolution of APMs in 2012, political forces continue to play the bully in local governance. The government’s inability to conduct local elections, with no specific time frame in sight, continues to exacerbate this problem. At the start of the project, accountability and transparency issues were anticipated in all target municipalities.

The Government of Nepal and its development partners have been promoting a number of tools and activities intended to promote accountability of local bodies and service providers. The World Bank-supported Program for Accountability in Nepal (PRAN) has identified 21 widely used SA tools for local governance accountability, transparency, and fiscal disclosure, under three broad categories—information tools, accountability and integrity tools, and participatory development tools. Of these, LGAR focused on public audits, public expenditure tracking, participatory planning, user group audits, RTI, media engagement, and town hall meetings at the five municipalities, to promote both supply and demand for accountability and transparency and to stimulate public activism to compel the local authorities and other government agencies to respond adequately. Table 2.1 provides an overview of the tools and activities employed.

According to the *Social Accountability Source Book* developed by the World Bank, the principal means by which citizens hold the state to account is elections. However, elections cannot hold governments accountable by themselves. Social accountability is a combination of a broad range of actions and mechanisms beyond voting. These actions should provide oversight, increase transparency, and hold state actors accountable, but they require actions from the government, media, civil society, and other key actors to be effective. The World Bank further defines accountability as the obligation of power-holders to account for or take responsibility for their actions. Democracy, as well as effective governance more broadly, hinges on the fundamental principle of citizens having the right to demand
accountability and public actors being obligated to respond to those demands. The obligation of public actors to be accountable to citizens is based on the rights of citizens, as granted by their constitutions and based on human rights.

Table 2.1 Overview of Tools and Activities Implemented

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<thead>
<tr>
<th>SN</th>
<th>Component</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Right to Information</td>
<td>• Train RTI activists and build capacity to train Ward Citizens Forums.</td>
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<tr>
<td></td>
<td></td>
<td>• Train municipal officials for RTI readiness and proactive disclosure.</td>
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<td></td>
<td></td>
<td>• Support filing and tracking RTI requests.</td>
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<tr>
<td></td>
<td></td>
<td>• Deploy RTI activists to raise awareness among the general public.</td>
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<td>2</td>
<td>Media engagement</td>
<td>• Train local print and radio journalists in investigative journalism.</td>
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<tr>
<td></td>
<td></td>
<td>• Provide print media fellowships for journalists to cover accountability, transparency, and local governance stories.</td>
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<tr>
<td></td>
<td></td>
<td>• Produce and disseminate weekly radio programs on local governance through partner FM radio stations.</td>
</tr>
<tr>
<td>3</td>
<td>User group audits</td>
<td>• Conduct usergroup audits on compliance and financial aspects.</td>
</tr>
<tr>
<td>4</td>
<td>Social accountability tools and processes</td>
<td>• Build capacity of WCF members and municipal coordinators in selected accountability tools and processes.</td>
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<tr>
<td></td>
<td></td>
<td>• Monitor, study, and track local governance activities with select social accountability tools.</td>
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<tr>
<td>5</td>
<td>Town hall meetings</td>
<td>• Conduct town hall meetings.</td>
</tr>
</tbody>
</table>

Nepal’s constitution is still a work in progress. The fact that local bodies are weak in the absence of elected representatives further erodes the transparency and accountability necessary for effective engagement between the supply and demand sides of governance. This LGAR program to understand popular SA tools and their possible usefulness in the context of Nepal’s local bodies during this transitional and volatile period is deemed necessary precisely because of the uncertainty and incomplete
democratization in Nepal. The project may help better understand local governance in Nepal at this time and recommend tweaks and changes at the policy level that can be implemented and have a positive effect even before a constitution is promulgated and eventual local elections held. A fresh look at the various SA tools in the Nepalese context will help design future interventions that are effective in the short term prior to elections, but also support processes and institutions that will retain their effectiveness and importance to local governance after elections have eventually taken place.

The World Bank *Social Accountability Source Book* identifies accessing information, making the voices of citizens heard, and engagement in negotiation as three key building blocks of social accountability approaches. Generating relevant information is most critical as it provides credible evidence that can be used to hold public officials accountable. Without that information it is very difficult to identify and put pressure on officials to resolve specific problems, as blame can be passed, and claims denied. So social accountability interventions are incomplete without addressing the need for information rights and public transparency. Providing a platform for citizens to voice their needs and the government to respond to them as its means allow is also important. A government that fails to do this will be unable to establish confidence among the citizens. In addition to government initiatives to heed citizen voices, public debate, dialogue, and promotion of citizen rights in the media can also strengthen the public’s voice. After voices are heard, informal or formal sessions to negotiate community needs should be conducted between government and citizens.

The LGAR project utilized tools that addressed four critical factors necessary for achieving social accountability as indicated by the World Bank source book: 1) *citizen-state bridging mechanisms* with the use of townhall meetings, participatory planning processes, public audits, and media engagements; 2) trainings and awareness sessions to *improve attitudes and capacities of citizens and civil society actors*; 3) trainings and awareness sessions to *improve attitudes and capacities of state actors*, with emphasis on the need for proactive disclosure; and 4) *use of enabling legislation* such as the RTI Act.

Although a set of SA tools was utilized, LGAR understands that social accountability is much more than just tools. The success of social
accountability initiatives depends on context, on the goals and values of the principals, on the population utilizing the tools, and how the tools are used. Social accountability is as much about building relationships, changing attitudes and perceptions towards governance, and improving capacities of all actors. For a successful outcome, a combination of applicable SA tools along with positive active engagement between the demand and supply side is necessary. Ensuring interventions on both the demand and supply side is essential. Testing the various tools in multiple contexts has allowed an analysis of why a given tool is effective or ineffective within the current context of Nepali municipalities.

2.3 Monitoring and Evaluation Mechanism

To assess impacts and understand contexts and trends in municipal governance, various monitoring and evaluation mechanisms were used. They included a series of perception surveys of WCF members, municipal officials, and the general public; periodic field visits by program team members; monitoring RTI applications; a baseline and end-line survey; a survey of radio listeners; Key Informant Interviews (KII); and case history documentation.

Three separate perception surveys were conducted among municipal staff, and monthly surveys were conducted with WCF members and the general public. Thirty WCF members from three selected wards of each municipality and five municipal coordinators were followed over the project period and surveyed regularly. A total of eight rounds of WCF and public perception surveys, and three for municipal staff, were conducted from May to December 2013. The same municipal staff members and WCF members were surveyed every month. The monthly perception survey of the general public used random samples. Survey questions focused on four key indicators: social accountability, transparency, procedural compliance, and user group compliance.

The surveys were used to evaluate whether a perceived improvement in transparency and accountability could be achieved among the general public using SA tools and governance related initiatives. The surveys tested whether the combination of tools applied over the project period would improve the public’s knowledge of and participation in local governance matters. In
the case of WCF members and municipal officials, it was necessary to track their responses, as they received specialized training and were key project participants.

Because information disclosure is key to accountable and transparent governance, the extent of RTI use was considered a critical measure of the effectiveness of SA tools. RTI cases filed by activists and others were monitored throughout the course of the project, tracking case status and documenting issues along their path.

In order to gauge the perspectives of key persons with influence on local governance, KIIIs were conducted with political party representatives and executives officers in the five project districts. Interview questions addressed budgets and spending, revenue collection and management, municipal staff cooperation and support, political influence in municipal budget allocation and decision-making, awareness of SA tools, and the effectiveness of user committees. Although locally elected citizen representatives have been replaced by appointed officials with no vested interest in their assigned communities, influential political representatives are still driven by self-interest to benefit themselves, their affiliated parties, or the people they represent, so understanding political representatives’ views, and key municipal officials’ tasks and their vision of where their municipality is and should be headed, are key to understanding LGAR’s impact.

Baseline and end-line surveys were carried out to measure the effects of LGAR interventions. The surveys were designed to capture possible indicators to help in the assessment process. Periodic field visits were conducted to monitor all ongoing activities at the municipalities, and case histories were followed and documented to derive qualitative data.
Chapter 3. Context and Trends

A number of monitoring and evaluation tools were used to understand the context and trends in social accountability, transparency, procedural compliance, and user-group compliance in all five municipalities. The tools were used to understand questions like how the current local governance actors play out their roles, and how they in turn affect the application of SA tools deployed through LGAR, but also how any behaviors changed over the life of the project. Baseline data collection, perception surveys, KII, and general field observations all made use of SA tools. Data collection activities were subject to some limitations: collecting data, especially financial information, was extremely difficult. Some limitations due to project design are also discussed in general in this chapter. This chapter summarizes general observations of local governance and procedures, as well as local compliance issues identified through data collection and monitoring visits.

The lack of local elections since 1997 and the complete absence of elected representatives in local bodies have created a vacuum, in which the key official of the municipal body, the executive officer (EO), is a bureaucrat assigned by the government to manage all local body functions. While the responsibilities of the EO are many and diverse, they fall roughly into two categories. The first category covers administrative and managerial tasks—what might be called internal housekeeping. The second category is concerned with managing the political-economics of the municipality, which includes making decisions on budget allocations, plan selections, and project planning. These activities can be subject to intense political influence, as political leaders jockey for resources to meet the demands of their supporters both for formal services and projects, as well as other benefits. In localities where the private sector economy is weak, public sector funding for projects and local jobs is even more important for local leaders to try to influence.
The job by its nature attracts political influence, and it is difficult for EOs to avert such influence. Because the EOs are not locals, they need local support, trust, and confidence to run the office, and the most effective way to achieve this is by cooperating with local political players, who have the advantage of local knowledge, information, and networks. Should local elections finally occur, these same political players and their parties are very likely to be elected to run the municipal government. This likelihood, the challenge of being an outsider with limited local support, and, in extreme cases, being subjected to threats and intimidation, are all powerful inducements for EOs not to damage the personal relations they have developed with local political players, but rather to adopt an approach of quid pro quo with them.

Because the EO leads municipal functions, any unaccountable or non-transparent behavior is bound to reflect on lower level staff and officials. Accountability and transparency are also issues among municipal employees, who lack incentives to perform well. The public expects the employees to deliver, but low-level employees often find themselves facing the demands of powerful political figures and elite violators who have strong connections to the EO and the community. The resulting intimidation and fear make it hard to perform their jobs by the book.

A clear local capacity crunch is another key challenge to delivering services. The initial perception surveys found that municipal employees and groups representing the public were largely unaware of social accountability tools and formal procedural requirements. The perception surveys found some improvement over the course of the project, but the fluctuations in respondents’ perception of SA tools and procedures cast some doubt on their grasp of the subject. These fluctuations may also have been due in part to respondents’ initial training causing them to believe that they were better informed than in fact they were, and the subsequent realization that they had overestimated their competence. Follow-up training might have helped. It would be safe to say, however, that WCF and municipal staff did improve their understanding of SA tools and compliance requirements in municipal functions. This observed improvement suggests that the status quo is that most municipal employees are under prepared to comply with rules and procedures even where they are willing to do so.

Political interference in critical local governance matters is well understood. In Key Informant Interviews, major political party representatives admitted
to being invited to planning and budget meetings for major municipal decisions. Although, unsurprisingly, they do not admit to interference directly in interviews, many examples were observed throughout the project period when political party representatives used facilities and resources normally only provided for municipal officials, had opportunities to influence government decisions inappropriately, and even used hooliganism to apply pressure and achieve decisions that would benefit them and their network. Political party representatives believed municipal officials were unhelpful, not customer-oriented, and that municipal revenue is spent mostly on administrative requirements and staff salaries. However, an EO time utilization survey revealed that their work hours were consumed mostly by community delegations and other prominent individuals from the community rather than by planning municipal operations.

The municipal staff were seen as overworked, struggling to finish specific tasks on deadline with constituents constantly visiting their offices on personal and community business. As a result, municipal staff were often observed at critical times working with their doors closed. This common practice of relying on personal interaction with decision-makers and administrators for every issue might be seen in part as a societal practice, but it also indicates a lack of trust that more formal procedures will actually achieve results.

The executive officers admitted to inviting political representatives during critical municipal decisions such as the budget planning and allocation processes, but they discounted their influence in decision-making. EO respondents viewed internal revenue utilization quite differently than the political parties. The latter believe budgets are used mostly on salaries and operational expenses, while EOs claim that municipal revenues are minimal, and hence there are limited funds for human resources. This disagreement could be due to a lack of information disclosure by the municipality, or it could reflect the common belief that municipal officials are inefficient and corrupt.

Included in the responses from the KIIIs was the opinion among political representatives that the projects implemented through user groups and their committees are more efficient, well run, and cost effective than projects run by private contractors. However, some cautioned that they had observed a few bad user groups and acknowledged the illegal use of subcontractors for user group projects. The user groups are considered to have less technical capacity to carry out critical projects, and so these projects are subcontracted. The
main reason offered for the inferior products delivered by subcontractors was inadequate oversight by municipal officials. There are cases where municipal actors recognize the problems and choose not to act on them. This might be due to fear of retribution, collusion, or a general lack of energy to take on those abusing the rules. In addition, local actors often do not heed requests from EOs, who are often not taken seriously because they are neither elected nor local.

In terms of information-sharing that results in improved communication and trust between the public and the municipality, although a few municipalities use newspapers, radio, and the web to proactively share information, the public still considers such initiatives to be inadequate. The public felt that municipal officials discriminate against non-elites, and that they needed substantial training in SA tools.

A system for capturing demand-side grievances and queries was clearly missing at all of the municipalities. A hand written logbook was used to register requests, and information might be provided verbally, requested documents might be provided where feasible, or the request might be neglected altogether. Systems to measure customer service and to improve delivery were a subject of conversation among municipal officials, but no concrete action occurred.

Baseline and end-line data collection proved very difficult in the five pilot municipalities. Throughout the project, many SA activities such as public audits and information disclosure and dissemination processes were tracked, monitored, and studied. Although some data was collected from municipal offices, experience in the field raises doubts about its credibility. For example, when a certain number of public audits are claimed to have been conducted, the observed failures of compliance raise questions whether the data can be used to draw meaningful quantitative conclusions. This observation, however, serves as qualitative data, further reinforcing the conclusion that the current use of SA tools is problematic. Many SA tools were applied according to regulations, but only to get to the next step for funds disbursement, and without follow-up or due diligence. In general, the data collection process was useful to the field staff in understanding that the level of transparency, accountability, and compliance are severely limited given the current practices observed on both the demand and the supply side of local governance procedures and actions, and that mounting interventions on both sides would be essential.
A critical issue observed during the data collection process concerned the timing of the various stages of municipal projects: project planning and budget allocation, approval by the municipal council, selection of actual budget items by the district, and project implementation. Even five months into the fiscal year, many projects had not been initiated. Project delays and delayed budget releases seemed to leave minimal time for project completion, including evaluation for municipal officials. Several key informants pointed to the problem of project frequently delaying implementation until late in the year, calling it an intentional tactic to ensure that monitoring of compliance and quality would be minimized in the rush to complete projects by the year’s end. The present study did not encompass one full fiscal year, and so the preceding observations must remain anecdotal.

Although the EOs claimed to be knowledgeable regarding SA tools applied in municipalities, it is difficult to assess the accuracy of their responses, in light of contrary indications from municipal staff, and the fact that EO assignments have quick turnovers. Neither the EOs nor the party representatives seemed to understand the Local Governance and Accountability Facility (LGAF). Although most political party representatives said they were aware of SA tools and that they were also being used to some extent within their own party system, the quality of responses indicated that their knowledge is not comprehensive. Because political party representatives will continue to be a part of local governance even after local elections, providing training and awareness activities on SA tools such as RTI and compliance related activities would help prepare for the post-election period. The fact that even the political party representatives, who are actively engaged in municipal activities and decisions, are far from understanding the basic regulations and operations of their municipalities is a critical concern.

Despite many serious challenges, and structural deficiencies in municipal governance in Nepal, there were many reasons to be positive about the overall trajectory. Despite the various challenges faced, the municipal staff was generally supportive of the project and keen to learn how they might improve their own working conditions and ultimately their performance. Journalists, activists, and various community leaders showed energy and enthusiasm for seeking ways to become more engaged in municipal governance, and discreet examples of active engagement leading to changes in harmful local practices, as well as solutions to some exposed problems of corruption and collusion,
all demonstrated the power of effective governance. Even among the local community there is a sense of wider participation in community activities such as the participatory planning processes, and that the public is keen on engaging with the local bodies as expressed through their participation in the townhall meetings. While there is much improvement needed on both sides of local governance in Nepal, the stakeholder engagement observed in this survey is a good start. This energy, at a time when the country is undergoing a transformative change, is right for making adjustments to the way local governance is carried out. If possible, entrenched bad practices will be replaced by good practices before the local body elections are held and new elected leaders from the political parties take over. With a new commitment to transparent and accountable behavior from both sides of local governance, the nation can correct its past missteps and dedicate itself to creating a just society in which the needs of citizens are given priority.
Challenges and Opportunities in Municipal Governance

Chapter 4. Social Accountability Tools

Two critical components of good governance are transparency and accountability. Government performance is likely to be stronger in situations where governing bodies are transparent with information pertaining to the services they provide, and where citizens are able to hold service providers and public officials accountable for decisions made. Various social accountability tools are currently in use to ensure transparency and accountability among all players. There are no universally accepted or perfect tools. Some tools could work in a certain region but not in others. For example, although RTI is popular, to be effective where information of interest is available when requests are received; so context matters. In general, with the careful selection of a combination of tools that match the context where they will be used and the people involved, social accountability tools can lead to successful interventions. On a broad level, social accountability tools posit that if citizens are active, informed, and given space to affect and oversee decisions, and if their inputs are valued by local decision-makers, the quality of governance will improve. Good governance is a multifaceted and complex phenomenon that provides citizens a political space in which to participate in the allocation of political, economic, and administrative authority to manage public affairs. Along with available tools, the active participation of citizens in these complex processes, structures, and mechanisms to seek public accountability is critical.

The LGAR Project tested various social accountability (SA) tools in five municipalities in Nepal. The tools included the right to information, town hall meetings, media engagement, and user group audits at the intervention sites to understand their impact in the local Nepali context. Key informant interviews (KII), perception surveys, and baseline/endline surveys were used for monitoring and evaluation purposes as well as to understand the community and develop an overall assessment of the SA tools applied. The key idea behind this approach was to conduct action-oriented research on the viability, efficacy, and impact of these tools in order to make recommendations to improve local governance during the political transition in Nepal or until elections are conducted at the local level.
4.1 Participatory Planning

Effective planning of a local jurisdiction’s programs and projects enhances the effectiveness of decisions made in improving the lives of its constituents. In order to develop a comprehensive plan that responds to actual priority needs, active participation at the grassroots level is necessary. The process should strive to take into account all social and infrastructure development issues. The plan should translate these needs into a document that lays out all technical and financial information and attempts to realistically address as many of the prioritized issues as possible with available budgets. An efficient plan achieves consistency between policy objectives and the tools and mechanisms available to make progress towards those objectives. The LSGA has incorporated participatory, bottom-up planning processes to hear the voices of all individuals interested in municipal development activities. From a planning perspective, municipalities are institutions that gather decisions made at the ward level regarding their development priorities.

4.1.1 Rationale for Selection of Participatory Planning

Generally, the central and local governments are connected by information flows in which the local government leads the identification of the local community’s interests, provides local residents opportunities for their voices to be heard. Of course local government also is ultimately responsible for communicating and implementing budget allocations. All local bodies are required to produce annual plans, outlining the programs and budgets for the upcoming year, through a grassroots, participatory planning process. Their plans are formalized with the initial preparation of budget pre-estimates at the community level through a fourteen-step planning process. After the community level, these plans are fed into the area level and eventually the district plan at the fourteenth level. From the settlement level to the ward level and then the area level, meetings are conducted to identify and collect ward-level needs and priorities for municipal development plans.

Despite provisions for a comprehensive, participatory planning process, the reality is that these provisions are often either ignored or do not result in a plan that reflects the aspirations and the effort of the planning process. Such outcomes create disappointment and could ultimately lead to the collapse of the participatory approach to community planning. The translation of the grassroots planning process to actual plan documents is currently facing the hurdles of political influence and high handedness, and a lack of awareness
in local communities. The recently dissolved All Party Mechanism (APM) that controlled the flow of budgets, continues to influence local government decisions. Therefore, the rationale behind the selection of this tool is to ensure that planning is a grassroots, participatory process free of political influence, and to increase people’s awareness of the 14-step planning process.

One indicator that can be used to assess the impact of participatory planning is the quality and quantity of participation during the grassroots planning process. A second consideration is whether and how the voices of grassroots participants find their way into the officially adopted plans. As more grassroots citizens participate in the planning process and voice their needs, elite political interference and budget hijacking become less likely, or at least harder to hide from public scrutiny. According to Seira Tamang and Carmen Malena, authors of the World Bank study, *The Political Economy of Social Accountability in Nepal*, a persistent obstacle to the expression of citizens’ voices is elite capture and political influence. While undue political influence from community elites may not occur in every activity of every local body, a recent Asia Foundation study on the political economy of the education sector found that under the APM (now dissolved), party representatives were only really interested in managing (and gaining control over) big-budget projects such as the construction of school buildings or other large procurements. These political representatives still exercise considerable influence, such as the power to divert budgets towards schools in locations of their preference. Given this example and many other similar cases, it is easy to conclude that political affiliations result in disproportionate or inefficient resource allocations. Although the APM is now dissolved, the same actors continue to influence local decision-making processes.

The more community members participate in the community planning process, the more likely it is that true community needs will be addressed. This will only be true, however, when there is a formal planning process with provision for incorporating grassroots demands, and opportunity for public review and criticism should those demands go unheeded. Because legitimate community needs sometimes cannot be addressed in the current budget cycle, it is also good practice to provide a mechanism for revisiting those matters in the future.

### 4.1.2 Mode of Implementation
Training was organized in Kathmandu to prepare a resource person on participatory planning for each participating municipality. These resource
people were deployed to their municipalities to train WCF members in the 14-step planning process of local governments. Three social mobilizers from each municipality also received training in the participatory planning process and its importance. Information on planning meetings was widely disseminated at the community level, and ward-level participatory planning sessions were conducted in coordination with municipal officials and the LGAR team, including the trained social mobilizers and WCF members. Budget ceilings were disclosed, and the settlement-level groups were asked to come up with a certain number of high priority projects. These proposals were compiled and transmitted to the municipalities for the development of municipal plans. (The timing of the LGAR project was not suitable for observing the municipal planning process or the plan approval process.)

4.1.3 Impact of Participatory Planning
During the sixth step of the participatory planning processes at the ward level, it was observed that public participation had increased. The meetings were attended by many women, who commented that women’s participation had significantly increased in the current year. Here are some general notes, with more detailed information on a few interesting ward meetings.

Ward-level meetings at all municipal wards had higher attendance than in previous years. Field reports indicate an average participant increment of 56%, with the maximum increase, 85%, taking place at Narayan Municipality. Dhulikhel had the smallest increase in participants, with 35% more participants than the previous year. More participation by women, Janajatis, and Dalits was observed. Women and indigenous groups were observed to be actively voicing concerns and requesting projects. In Byas Municipality, a Dalit man requested an irrigation project, which was ultimately included in the project list. At most locations, the social mobilizers facilitated the sessions.

In Byas Municipality, teachers and local elites were a dominating presence at the meeting, which may be reflected in the selection of projects for schools and colleges. Local politicians were silent during project selection. The settlement (tole) leaders came prepared with written and verbal lists of projects. Other community participants were far less prepared, for example several projects recommended by women participants were based on hypothetical budget estimates. The program was participatory and deliberative and lasted for four hours. One elderly local resident was heard to comment that if needed projects were directed to their wards, they would not mind staying until midnight.
An analysis of the projects requested during the ward-level meetings in the selected municipalities is presented below. The team analyzed the requested projects by grouping them into infrastructure development and social development categories.

Of the 15 wards studied, data from 12 is tabulated below. In the infrastructure development category, wards demanded a major chunk of the budget for road construction (41%), education (15%), irrigation (14%), and electrification (2%). In the social development category, it is mandatory that 35% of the budget is provided for activities supporting the designated vulnerable target groups. The wards allocated 47% of this social development category for capacity development and 53% for awareness building.

The study showed clearly, with findings supported by KII responses from political party representatives and executive officers that much of the municipal budget is spent on infrastructure, and that social development is prioritized less. For parties seeking development projects that will reinforce their local dominance, infrastructure projects offer high visibility. Physical structures serve as showcases for development, and remind the public who was responsible for bringing development to their jurisdiction.

The analysis of the participatory planning process presented here presupposes that the established 14-step planning process is the best way for local governments to handle planning. While it may be the only current choice, a deeper look into the 14-step process is necessary. Due to budget limitations as well as unwanted influence, many grassroots demands do not make it to the annual budget cycle. The established one-year cycle disregards the true value of participatory planning and citizen activism by not providing enough room for citizens’ demands, either in the current year or subsequent years. The existing approach lets citizens’ demands die out if they are not adopted in the current budget cycle, requiring them to revisit the same topic year after year, a tedious process with little value for those who lose out. This also makes it difficult to discern trends in project selection that might suggest discrimination, or ignorance of certain areas of critical need.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Dharan</th>
<th>Dhulikhel</th>
<th>Narayan</th>
<th>Byas</th>
<th>Bhimdutta</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road</td>
<td>22</td>
<td>20</td>
<td>10</td>
<td>3</td>
<td>5</td>
<td>52</td>
<td>41%</td>
</tr>
<tr>
<td>Drinking Water</td>
<td>12</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>7</td>
<td>26</td>
<td>20%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>5</td>
<td>14</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>24</td>
<td>18%</td>
</tr>
<tr>
<td>Agriculture &amp; Husbandry</td>
<td>10</td>
<td>7</td>
<td>15</td>
<td>8</td>
<td>2</td>
<td>36</td>
<td>27%</td>
</tr>
<tr>
<td>Health</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>15</td>
<td>11%</td>
</tr>
<tr>
<td>Electricity</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>14</td>
<td>10%</td>
</tr>
<tr>
<td>Sports</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>Toilets</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td>Entertainment Park</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>15</td>
<td>11%</td>
</tr>
<tr>
<td>Bridge Construction</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>52</td>
<td>100</td>
<td>26</td>
<td>8</td>
<td>133</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.1.1: Budget Allocation Comparison—Participatory Planning
Improvements to the 14-step process should be considered. A one-year document is contrary to the spirit of a real plan. Planning involves looking into the long-range future. A plan with a line-item budget restricted to a single year is out moded. Progressive planning documents for local bodies require a multi-year vision, one that is tied to a capital improvement plan (CIP) identifying available and projected resources. The Planning Commission has directed all local bodies to formulate five-year, periodic plans with resource mapping and projections, in addition to annual plans based on these long-range plans, but local bodies are clearly not complying with this directive. Long-range, five-year plans were not in evidence at any of the intervention areas. The annual plans, however, were being carried out on a stand-alone basis through the 14-step planning process.

Information from the Ministry of Federal Affairs and Local Development (MoFALD) suggests that a few districts have completed long-range planning. Similar efforts are under way in 21 districts, and the remaining 36 districts are in the process of initiating their planning exercises.

The 14-step, annual planning process used by most local bodies is more of a year-to-year budgetary process and does not reflect the spirit of the participatory planning approach. Using only one-year plan, with budgets set and provided by the central government, undermines the capacity of local governments and destroys any incentives to generate their own resources. A multi-year approach with resource mapping, instead, would allow local governments to plan beyond the first year, and to search for the additional resources to implement their multi-year plan components.

4.1.4 Conclusion
Experience in the field shows that if a municipality mobilizes its citizens with the help of social mobilizers and local volunteers with knowledge of the budget, the public will take an interest in local planning and development. Participants were more numerous than in the past, and the planning process was more participatory and inclusive. The quality and vigor of public discussion was notable. Information was widely disseminated in the community, increasing participation, especially among women. Many of these women remarked that women’s participation had been far less significant in the past, but had increased substantially this year because of the activities of the LGAR project. These improvements show that community interest in local government is possible, and represent a great start to the participatory planning process.
Another striking component of the planning process at the ward level was the active engagement of the social mobilizers. All the ward meetings of the selected municipal wards, except for Byas, were facilitated by the SMs. This was not the case in the past. That the municipalities allowed SMs to manage the planning sessions shows a recognition of their capacity and the municipality’s willingness to collaborate to enhance service delivery. (The inclusion of citizens’ groups such as WCF and the Community Action Center also indicates a behavioral change among municipal officials.) The social mobilizers represented their wards, and their performance indicates that when key local actors show interest and are given a more prominent forum, public participation increases, and their role is appreciated by the local bodies as well, thereby overcoming the distrust between the demand and supply sides. This use of locally vested individuals, trusted by the community, in the participatory planning process suggests a promising path to enhanced grassroots planning meetings.

When it comes to budget allocations, political parties and local elites have set a pattern of being the dominant force at the local level. While it will be difficult to eliminate their influence entirely, the LGAR project’s focus on strengthening bottom-up social accountability and increasing community participation in the local planning process bore fruit. On average, a 56% increase was observed in the number of participants at ward-level planning meetings. Building the capacity of WCFs and social mobilizers seemed to play an important role in discouraging political interference at ward-level meetings, at the least. Even municipal staff, including EOs, reported in the KII survey that local political party representatives, though invited, exerted less influence during the planning and allocation process than in the past. The lingering effect of the APM’s dominance of the local budget process has been reported by many political economy studies, including by The Asia Foundation. Silence from political party representatives during these participatory planning processes is likely a result of the sheer scale and vigor of the public’s participation. The same conclusion could be drawn from the townhall meeting experience: the second day’s participants were far more diverse than the usual political representatives. Although approaches such as the participatory planning process and townhall meetings, in which the general public is allowed to participate freely, will limit the space available for political representatives and local elites to dominate the budget process, allotted seats and personal invitations to consult will preserve the influence of these unwanted groups. So increasing participation at public meetings alone cannot prevent some continued influence over decisions by EOs that may or may not be consistent with the intended spirit of local government operations.
When people are empowered by activities that affect their daily lives, it makes them more assertive and proactive. The number of people participating in ward-level meetings was higher than in other municipal wards, but it remains to be seen how political influence will affect the final municipal plans. In order to ensure that grassroots voices are heard, the municipal planning process needs to take place in public. The needs identified at the grassroots level should be reflected in the actual municipal plan for the upcoming year. Municipalities should consider townhall meetings during the drafting phase and incorporate public hearings into the process for adopting a municipal plan. The LGAR project did not follow up with the planning process due to the project time frame. However, project staff are unaware of any occasion on which the general public or any civil society organizations were invited to any budget or plan adoption process by municipal officials. Future participatory planning interventions should plan to follow the entire planning cycle for a full year to understand if and how plans approved by municipal councils are incorporated in higher level plans.

Finally, in accordance with the directives of the NPC and MoFALD, the single-year, 14-step budget planning process should be considered part of the five-year periodic plan rather than a stand-alone planning process. The five-year planning process should be strictly implemented with mapping of available resources, thus allowing the local bodies to search on their own for resources for unfunded projects.

4.2 Public Audits

A public audit is a mechanism that brings together all stakeholders and beneficiaries to evaluate whether the investment in a project was effective. Information and feedback are collected from the concerned individuals regarding the source of funds, budget preparation, purchase mechanisms and transparency, and drawbacks. It is a social accountability tool that promotes transparency in development projects. Public audits have the potential to expose irregularities and to hold project implementers accountable.

4.2.1 Rationale for Selection of Public Audits

The government has directed all local bodies to follow the Local Body Resource Management and Mobilization Procedure (LBRMMP) for implementation of all development activities within their purview. The LBRMMP requires that all
local bodies that implement development projects over Rs. 200,000 conduct public audits, and recommends that all projects valued at up to Rs. 6,000,000 be implemented by local user committees. Final payments are to be approved only after submission of the public audit reports. These public audits are to be held at the project site and can be conducted by project implementing partners.

Some public audits are being conducted. However, the desire of some user committee members to avoid the scrutiny of public audits, and the widespread lack of know-how to properly conduct a public audit, are undermining this tool for municipal transparency and accountability. Public audits were selected by the LGAR project as a tool to improve user committee compliance and transparency in the management of development resources, and to make key stakeholders accountable for their actions.

The chosen methodology relied on the fact that as the LGAR project progressed, the number and quality of public audits could increase, indicating that public audits are a workable social accountability tool. If effective, public audits have the potential to discover work irregularities, incomplete projects, and other issues of quality control to be monitored and followed up on by municipal governments. Failure to complete a satisfactory public audit must ultimately affect the delivery of final payments and the ability to secure future projects and contracts in order to make a robust contribution to performance incentive for those implementing local projects. For the LGAR project, the continuation of quality public audits after the pilot project period would be even more indicative of the potential of this tool. Superior quality of completed work, the exposure of irregularities, and other issues related to accountability and transparency would indicate that public audits were being used effectively.

4.2.2 Mode of Implementation
A training of trainers from all municipalities was conducted in Kathmandu, and participants were then deployed to their respective municipalities. These trainers then conducted three-day training sessions for one social mobilizer per ward, 15 in total. The trainers also trained all 15 WCF members on public audits and other social accountability tools. These trained social mobilizers went back to their municipalities to conduct close oversight of how public audits were being conducted, and to provide support to user committee members and municipal staff.
4.2.3 Impact of Public Audits
Carrying out public audits both at the municipal level and with user groups is not an easy task. There are issues with the audit itself, and broader compliance issues involving user groups, where differences between common practice and municipal procedures may raise questions of the validity of the user groups themselves in terms of formation and structure.

Issues were encountered with the occurrence and quality of public audits in all municipalities, but at the same time most locations showed an increased use of the tool during the project period. All three wards of Narayan Municipality had pledged to conduct two public audits within a month of their training. While a few public audits had been conducted in the past, they were mostly done just to meet the requirements for final payment. In 2013 during the LGAR project, 15 public audits were conducted, involving approximately 600 participants, of which 310 were female.

In Dharan Municipality, approximately 14 public audits had been reported in the year before the LGAR project. By the end of the project, 23 public audits had been completed. A total of 639 beneficiaries from the local communities took part in the audit processes, of which 261 were female. New efforts to improve audits also emerged, such as the posting of hoarding boards at construction sites showing project funding information.

In Dhulikhel Municipality, public audits had rarely been conducted in the past. During the course of the project, 17 public audits were completed, attended by 714 participants, of which 356 were female. Public audits of projects led by user committees seemed to achieve good levels of compliance with assistance from LGAR and WCF members. On the other hand, three public audits managed by contractors were not conducted well. The implementing contractors were not present during two of the public audits, and the third was conducted at a tea shop, where the shop customers did not hesitate to sign documents identifying themselves as attendees. Several questions posed to municipal staff during the audit went unheeded, and organizers admitted that they had asked participants to cooperate, and that they were only conducting the audit to qualify for the release of funds.

In Byas Municipality, 25 public audits were claimed to have been conducted over the project period, attended by 878 local project beneficiaries, of which 387 were female. These audits revealed some non-compliance with
regulations by user groups audited, but no consequences for such practices occurred. The specific violation observed related to the use of heavy machinery by user groups. Regulations prohibit the use of heavy machinery in projects led by user groups, but such use was observed. The regulation explains, however, that it is permissible to use light equipment to replace physical labor provided the estimates are pre-approved. Use of machinery is strictly prohibited when human labor cost estimates are submitted during the approval process.

In Bhimdutta Municipality, numerous lapses in public audits were observed, including falsified documentation and the collection of signatures without any actual audit meetings. Sixteen public audits were carried out during the intervention period, attended by 608 project beneficiaries, of which 351 were reportedly female. A general sense of reluctance was noted among municipal staff. The absence of elected representatives and the time consumed addressing citizen complaints were among the excuses offered for lax public audit compliance.

The KIIIs conducted with political representatives and EOs from each municipality suggest that user committees have fostered ownership and transparency in development activities. UCs are applauded for carrying out worthy activities within budget, while expensive contractors are criticized for poor quality work. The executive officers commented that most user committees did commendable work, but also acknowledged that irregularities have occurred in a few projects due to lack of monitoring and supervision from the municipalities.

There has been a nice bump in the number of public audits, but the details of some public audits pose serious questions about their validity. It would be wrong to assume that all public audits are faked, but considering the likely corruption in many local bodies, the sheer number of audits conducted does not by itself show that the tool is successful. Four case studies are presented here to illustrate the complexities of conducting public audits in the subject municipalities. While Case Study 1, from Narayan Municipality, is a model of transparency, accountability, and compliance with all due processes, Case Study 3 exhibits enough problems that the validity of the public audit is questionable. Case Study 4, from Narayan Municipality, went through turmoil to a point where the project is still in limbo.
Box 4.2.1—Case Study 1

PUBLIC AUDIT—THADAKHOLA IRRIGATION PROJECT (NARAYAN MUNICIPALITY)

Despite repeated complaints and requests to have their area connected to a nearby perennial river for irrigation purposes, local officials failed to provide relief to the 15 households of Ward 4 of Narayan Municipality. The issue was raised multiple times at ward meetings, but it never made it to the Municipal Council’s priority project list. Persistent campaigning finally yielded results when the municipality allocated 70% of the project funds, with the remainder to be raised by the user group.

A seven-member user committee was formed on May 13, 2013, during a ward meeting attended by 38 individuals. The committee of four women and three men included three individuals from the Dalit class. A 16-clause contract was signed with the municipality the next day, stipulating a completion date of June 29, 2013.

Voluntary labor and local materials such as sand and stone were used, and the project was completed on July 13, 2013. The community contributed Rs. 43,731, and the municipality provided Rs. 100,000. As required by law, a public audit was conducted before the final disbursement of funds from the municipality. Stakeholders were informed of the time and location of the public audit a week in advance by the user committee, and notice was also posted in public places.

The public audit was conducted in the presence of 46 people. Representatives from the municipality, user committee members, and two partner NGOs, the Institute of Integrated Development Studies and Samudayik Sarathi, were present. The user committee presented details of financial transactions including income and expenditures. Members of the local community who were present had never experienced this level of transparency in development projects in their locality. They were very encouraged.

The user committee received final payment from the municipality after the public audit. All legal requirements regarding user committee formation and structure, including a public audit, had been met.
Box 4.2.2—Case Study 2

Public Audit—Hatisar Bhujela Road (BHIMDUTTA MUNICIPALITY)

Bhimdutta Municipality contracted for black topping of the Hattisar Bhujela Road of Ward 11 with Kiran Construction Company for the sum of Rs. 2,160,866. On behalf of the project, Samudayik Sarathi conducted an evaluation of the public audit conducted by the municipality. The evaluation found severe flaws in the entire public audit process, and much of the submitted paperwork proved to be fabricated.

All stakeholders must be notified at least seven days in advance of a public audit, and notifications to the ward secretary, social mobilizer, and WCF coordinator are required. However, neither the general public nor these designated individuals were notified. The team studied the public audit report, provided by the municipality in response to an RTI request, and the following issues were noted:

• The date, time, and location of the public audit were not indicated.
• None of the project stakeholders had been notified of the public audit.
• Of sixteen people listed as attendees, eight had the same last name.
• The report form had not been completed.
• The report submission date was missing.
• The number of monitoring visits to the project site was not mentioned. A user monitoring committee meeting minute indicates simply that the road is 335 meters from a certain residence.

Further investigation revealed that the contractor had gone door to door collecting signatures to fulfill the public audit requirements. The executive officer of the municipality explained that the municipality reviews public audits, and if issues are raised, it can be a case for further investigation.

Further investigation led to the finding that the contractor conducted a door to door signature collection process to fulfill the requirements and the EO/IO of the municipality explained that the municipality typically inquires if the public audit had been conducted. If there are issues raised regarding the audit process and attendees, it could be a case for further investigation.
Box 4.2.3—Case Study 3

PUBLIC AUDIT—THAKURI GAUN (DHULIKHEL MUNICIPALITY)
This public audit of a drainage construction project at Thakuri Gaun, Ward 1, was conducted in a restaurant. Observing a low turnout, the field staff inquired with the local community and learned that potential whistle blowers had been threatened with having their hands cut off if they created problems. Further inquiry led to the discovery that the project had not gone through the municipal council, but had been authorized directly by the EO seven months into the fiscal year.

The chairman of the user group committee for this project was a member of the dissolved APM representing the Rastriya Prajatantra Party. The field staff witnessed the chairman flaunting his role as a political party leader, but no action was taken by municipal officials, though political representatives and government employees are barred from serving on user committees.

When municipal staff were questioned in private, they admitted to these behaviors taking place in Ward 1, but also described their frustration and sense of powerlessness to prevent such abuses. They are required to be in the front line during public audits, when most of the questions are directed towards high-ranking officials, who rarely attend. One municipal staffer reported being slapped by the user committee chairman, with no action taken by the municipality. In addition to explaining why municipal staff may lack commitment to accountability, this case is another example of political bullying and the political capture of budget allocations described in the participatory planning section of this report.
Box 4.2.4—Case Study 4

Public Audit—Electrification Project (NARAYAN MUNICIPALITY)
A public audit of the Ward 5 Electrification Project in Narayan Municipality was scheduled for July 13, 2013. The project budget was Rs. 3 million, of which the municipality was to contribute 2.3 million and the user committee 0.6 million. The user committee was formed under the chairmanship of an individual who was also the chairman of the Ward Citizen Forum. However, regulations prohibit WCF members from participating in user committees. Only individuals who could contribute to the user group’s share of the budget were allowed to participate in the user committee; however, instead of collecting that money from participants, the user committee hired a private contractor. It is against the LBRMMP to subcontract user committee projects to private contractors. Before the first fund disbursement to the user committee, the subcontractor deposited Rs. 600,000 of his own funds in the municipality’s project fund, representing the user committee’s share of the budget. The contractor was then able to recoup these funds from the Rs. 2.3 million provided by the municipality. As a result, a project that should have cost Rs. 3 million was managed with just Rs. 2.3 million and actually less because the contractor presumably recouped the funds he had initially provided for a deposit. This resulted in inferior work and cheaper, poor quality materials being used.

The public audit was postponed three times. The first postponement was due to lack of financial documents, which did not seem to concern the municipal representative enough to object to the audit process. At the second audit, the municipal representative denied any knowledge of the use of a subcontractor. The audit was then postponed again because the project was still incomplete. The third audit was postponed due to low turnout.

Suspecting foul play, a local RTI activist collected price quotes for the same items purchased by the user committee from the same vendor. The user committee was found to have paid twice as much for the same materials. Further investigation revealed that the materials purchased were of inferior quality. After a heated debate, the municipal representative declared that the final installment of Rs. 100,000 would not be paid. Shortly thereafter, however, it was released to the contractor. The reason for the payment is unclear, but it may be safe to assume collusion and political pressure, as there have been no explanations from the staff disbursing the funds.

The electricity authority ultimately refused to complete its work running new electrical lines, because the electric poles purchased by the contractor were rated for 80 kV instead of the required 150 kV. The subcontractor absconded without paying his workers. A complaint against the contractor for misappropriation of funds and cheating his workers has been filed with the District Police Office.
The four cases presented here contain a variety of outcomes. Although public audits have fostered transparency, accountability, and compliance with the law, as in the irrigation project in Narayan Municipality, there have also been plenty of poorly conducted public audits.

4.2.4 Conclusion
Although the number of public audits conducted in the year prior to the LGAR intervention could not be ascertained, field reports suggest that the number of public audits increased, which is a good sign. But the number of public audits by itself is an inadequate measure of the effectiveness of this tool in the field. As we have seen from the case studies presented here, public audits can vary tremendously in quality and effectiveness.

The primary purpose of a public audit is to bring together all stakeholders to evaluate the effectiveness of a public investment. With the conclusion of the LGAR project, although public audits continue, their quality cannot be ascertained. The case studies also hint at the complexities of local governance. Despite field observations of improprieties, as in the case of the Thakuri Gaun drainage project, we cannot conclude that municipal officials in general are simply negligent towards public audits. It therefore stands to reason that correcting these improprieties will require addressing a range of factors: EOs’ and other officials’ accountability for the security of the public and lower level staff under the rule of law, vigilance in the formation and operation of user groups, and most of all, collusion and interference by political representatives and local elites. Without the supporting accountability mechanisms, a “successful” public audit that reveals irregularities does not necessarily lead to good governance outcomes.

The public audits have produced a wide range of outcomes, from arguments leading to police reports to audits that showcase how user group should conduct development projects. As much as public audits are important, it is equally important to pay attention to user committee and group compliance, as they are the engines driving the projects. Without an informed and aware user group, projects are bound to be infested with collusive people hijacking the local body’s development initiatives. Irresponsibly conducted public audits that circumvent formal processes and ignore compliance procedures could be attributed to the following:
• Public ignorance of user committee rules, regulations, and procedures;
• Low public awareness of the activities associated with development;
• Lack of accountability among municipal employees;
• Collusion between municipal employees, contractors, and user committee members.

Participants in public audits were observed to include project stakeholders such as contractors, employees, and beneficiaries of the projects. An important issue raised by any project is that the public audits are often carried out by the same actors who are potentially threatened by a robust public audit process. Although user committees should be following regulations, they may also be beneficiaries of the projects they are managing, and as the case studies show, even beneficiaries may operate on the wrong side of good governance.

Public audits have been institutionalized through LBRMMP, and the reports can be reviewed by external auditors. Therefore, this tool has a statutory foundation, and it is widely appreciated by stakeholders. Although there is reluctance among some municipal officials and user groups to conduct public audits by the book, it is evident that this can be a powerful tool to establish transparency and accountability in all projects funded through local bodies. In order to improve the use of public audits to foster transparent and accountable local development projects, a few initiatives can be recommended. All stakeholders should receive training in the legal aspects and the social importance of public audits before commencing any project. The role of WFCs and CACs should be elevated, allowing them to be more vigilant in their oversight of projects. Concerned monitoring bodies including municipalities should take steps to ensure that every user committee conducts public audits, and in the process provide operational and technical assistance in preparation for project commencement, during implementation, and at project completion, ensuring that public audits are carried out in accordance with regulations. Finally, an incentive-based public audit system could be considered to encourage monitoring bodies on the supply side to be proactive towards public audits.

4.3 User Group Audits

User group audits looked into the compliance and financial aspects to identify weaknesses in the process, documentation, coordination, accounting
procedures, formation, structure, and overall transparency of user groups. Transparent and efficient user groups promote mutual trust between municipalities, contractors, and the general public.

4.3.1 Rationale for Selection of User Group Audits
Because the conduct and composition of user groups has not always conformed strictly with regulations, user group audits were also carried out. As we have discussed in the public audit section, many public audits are treated as a bureaucratic formality standing in the way of final payment. Some public audits appear to be rigorous and run by the book, and the documents presented seem accurate, but with a little bit of investigation, substantial issues are sometimes revealed. Documents may have been fabricated, and officials tasked with spotting problems and taking action may look the other way, behavior that must be assumed to be negligent, unaccountable, or collusive and potentially corrupt.

User group projects are the cornerstone of development activities in the local bodies. They foster inclusion and participation by people of all walks of life including the marginalized and the disadvantaged of the community. Giving the public a say in planning and implementing local activities that affect their lives is the heart of local governance, and their participation in local development activities translates into tangible outcomes through the structure, functions, and operations of the user group. For this to happen, the government has established regulations governing how user groups should be structured to encourage inclusiveness, transparency, and accountability. The user group audit is a tool designed to assess the structure, functions, and operations of user groups, and to ensure that they work in accordance with established regulations. All completed user group audits are useful in understanding the overall transparency and accountability of these groups. However, with the expectation among leading user groups that they might be audited, a change in behavior might be expected. Exposing noncompliant activities and holding group members accountable should result in behavioral changes. There may be issues with the established regulations, but that cannot be a reason for noncompliance. Amendments could be proposed and discussed, but compliance with legally established regulations and procedures is key to developing a culture of accountability and transparency.
4.3.2 Mode of Implementation

Internal user group audits were conducted at all municipalities to determine the number of user group led projects implemented and evaluate user group compliance indicators including user group formation, project design, investment estimate, bank account and budget disbursement process, use of notice boards, project implementation, monitoring and evaluation, project completion documents, technical services suggestions, and monthly meetings.

4.3.3 Impact of User Group Audits

The internal user group audits conducted by the Municipal Association of Nepal (MuAN) during the project revealed information about the level of financial cooperation between the municipalities and the user groups. Government regulations require that when a user group leads a project, that group must contribute a minimum of 15 percent of the project budget. Very poor households and communities can be exempted from this regulation so that their financial condition does not lead to their exclusion from the benefits of local development projects. Among the 28 projects audited, except for one each from Byas and Dhulikhel, all were found to have met this 15 percent minimum. The data below indicates that user groups are quite willing to contribute to projects that benefit their community, and on average their contributions exceed the 15 percent minimum. These higher contributions suggest either that there is a municipal requirement higher than the 15 percent minimum, or that the community is able to generate the funds and is eager to have their projects prioritized. While on the surface these figures suggest a system of cost sharing that is broadly working, field partners have reported cases in which the user group contributions are channeled illegally through subcontractors, resulting in substandard project outcomes. (A good example is the poorly managed Narayan Municipality electrification project mentioned above.)

In Dhulikhel Municipality, six projects involved cost sharing between the municipality and various user groups. Of these six projects, four were road construction projects and two were for primary schools. The user groups contributed an average of 23 percent and the municipality 77 percent, for a total investment of Rs. 5,824,361.
In Dharan Municipality, six projects were implemented on a cost-sharing basis, of which four were for road construction and two for combined road and sewage line projects. On average, the municipality invested 65 percent and the user groups 35 percent for a total investment of Rs. 22,594,271.

In Bhimdutta Municipality, there were four cost-sharing projects. Two projects were school related, one was for irrigation, and one was for sidewalk and sewerage construction. On average, the municipality invested 77.5 percent and the user groups 22.5 percent for a total investment of Rs. 3,517,404.

In Byas Municipality, six projects involved cost sharing. Four were for water supply construction, one was for shared community building, and one was for road construction. On average, the municipality invested 78 percent and the user groups 22 percent for a total investment of Rs. 3,875,678.

In Narayan Municipality, six projects were implemented on a cost-sharing basis. Four projects were for road construction, one was for a community building, and one was for bridge construction. On average, the municipality invested 68 percent and the user groups 32 percent for a total investment of Rs. 1,098,233.

4.3.4 User Group Compliance

Analysis of User Group Compliance
Auditing user group compliance with legal guidelines is an effective tool to understand how projects are carried out. These guidelines establish standards and safeguards to prevent corruption, promote transparency and accountability, and help understand capacity deficiencies. So adherence is critical to the overall success of the user group system. Noncompliance of user group practices can be the result of issues related to capacity, transparency, negligence and accountability, and corruption. This is not to say that only one factor will apply to each case of noncompliance: a combination of problems might be present in any one case. In this section we examine the indicators of noncompliance. The user group compliance study, which examined the practices of six user groups of Dharan and Narayan Municipalities, reveals information providing substantial insight into the nature of recurring compliance challenges.
User Group (UG) Formation
The data received from Dharan and Narayan Municipality’s user groups showed that their membership numbers, social composition, female representation, and prohibition of professionals placed all six user groups for both municipalities in compliance. Just two indicators of noncompliance were present: user groups that had multiple members of the same family, and individuals serving in multiple UGs.

Individuals serving in more than one user group, and family members serving together in the same group, may be connected to issues of community capacity. Illiteracy is still prevalent in many communities, and there may be a scarcity of adequately literate individuals. Time commitments required for meetings and other voluntary activities could also be a concern. General lack of confidence or unwillingness to serve could make recruiting group members more difficult. The other factor, of course, could be collusion among these individuals for personal gain.

Project Design and Investment Estimate
An important indicator is the user groups’ possession and use of reference books for evaluating estimates, judging the quality of materials, and monitoring project implementation. With respect to this indicator, a few user groups of Narayan Municipality were in compliance, but a greater number in both municipalities did not have or use such reference books, putting them in noncompliance. Use of estimate and quality books for construction projects requires sufficient familiarity with technical terms to be able to make judgments. In this regard, capacity issues have been recognized among user committee members. However, the regulations state that a simplified version of cost abstracts can be prepared in Nepali, and given the noncompliance observed, this would seem to be a needed and appropriate step.

Bank Account and Budget Disbursement Process
Under this category, the indicators showing compliance by most user groups at both municipalities are the following: joint signatures on decisions, opening a user group bank account, and submitting required documents before receiving first, second, and third payment installments. The problematic indicators for user groups in both municipalities are the following: depositing user group contributions to a bank account; using a bank account while receiving and making payments; providing notifications of project completion; and receiving payment receipts for a different fiscal year’s project. As for making expenses available to the public, Narayan user groups were in compliance, but Dharan user groups were not.
Regulations state that annual transactions in excess of Rs. 50,000 are to be carried out through banks. Any noncompliance in monetary transactions may indicate collusive practices, as the use of bank transactions generates paper trails which corrupt actors will want to avoid. Notifications, especially regarding project completion, also can prompt questions regarding project cost and expenditures and are therefore, at times, skipped over. However, there are other relevant factors to be considered, such as bank facilities, their locations, days, and hours of operation, and user friendliness. Not all banks are user friendly, and their locations also make it difficult to conduct transactions, especially considering that some user group members handling these financial matters may not have vehicles for easier mobility. In addition, sometimes banks do not operate on Saturdays and certain holidays, which can also create hurdles when dealing with certain vendors and laborers, for whom prompt payment is essential. Careful planning could resolve these issues, but then again time constraints on volunteer members as well as negligence can come into the picture, and cash payments may become the last resort to take care of the task at hand.

**Notice Boards**
Public notice of all disbursements to user groups is required by the regulations. This dimension of compliance could not be assessed by the study at either municipality as the user group audits were done through documentation rather than field observation. Findings discussed in the public audits section of this report testify to shortcomings in the use of notice boards. Hoarding boards required at construction sites were not in evidence at many sites.

**Project Implementation**
The indicators regarding the use of machinery in places where cost estimates were based on human labor has mixed results. Two user groups in Dharan Municipality were found to be violating this regulation, whereas the remaining user groups at Dharan and Narayan were in compliance. All user groups in both municipalities were in violation when it came to applying funds listed for a certain budget item to other uses. The use of subcontractors by user groups could not be determined in Dharan, whereas the user groups in Narayan Municipality showed compliance. Use of heavy machinery in user group projects where human labor is supposed to be used could potentially be an issue resulting from lack of capacity, lack of awareness, and negligence.

Lack of financial resources is a dominant issue at all local jurisdictions, but development activities are much needed in many sectors of almost all areas of
Nepal. Currently, scarce local budgets are allocated through a pecking order or hijacked for pet projects that could be unnecessary compared to more critical needs, further exacerbating the crunch on financial resources. Therefore, it is a common practice to fabricate documents for unnecessary projects that receive funds for implementation and instead divert the savings to other critical and needful projects. In places where monitoring is lax it could be fairly easy to make such an arrangement.

The illegal use of subcontractors is possibly the result of a mix of many factors. One could be simply related to negligence and accountability. Prohibition of the use of subcontractors in user group projects is clearly mentioned and known to all, and was discussed widely during the project. The fact that this violation still happens, even with the knowledge of municipal officials, as seen in the Narayan Municipality electrification project, says much about the general lack of energy for oversight and monitoring to push user groups to comply with regulations. A second factor leading to such violations is, again, collusive practices. In such cases, the subcontractor pays the user group a contribution up front, then profits by performing substandard work. Although the beneficiaries save money by not having to contribute to the budget, it comes at the price of an inferior product for the community. In the electrification public audit case, this tradeoff might have been the result of turning a deaf ear to the issue initially, or of false promises by the contractors. The community had an incentive to believe in this arrangement, given the urgent need for electrification in their area. After the electrical poles were installed and were found to be unusable, the real nature of this trade-off must have come as a surprise to all but the contractor.

**Monitoring and Evaluation**

In terms of the compliance indicators for the formation of user group monitoring and evaluation committees, all but two user groups were in compliance. All user groups were found to be noncompliant with the rule requiring approval from the monitoring committee before making financial payments and financial settlements. Only Narayan Municipality was in compliance regarding the need to submit payment requests within seven days of project completion.

User groups implement and monitor their own projects. Conflict-of-interest issues could arise with self-monitoring, resulting in flawed results. Such a scenario is a perfect recipe for collusion. Hence, a third party monitoring and evaluation mechanism should be developed. Not seeking approval for final payments could be merely an act of negligence or a capacity related issue,
easily corrected by promptly bringing the user group up to date at regular meetings. If regular meetings are not conducted, and no approval is sought before final payments are made, this could be a case of potential collusion. And any final payment made without prior approval could be due to a mix of negligence, lack of capacity, and collusion. In a case of collusion, the fabrication of documents would be a key indicator.

Project Completion Documents
Only Narayan Municipality seemed to be in compliance in submitting documents after project completion, such as (1) a work completion report, (2) copies of the user group’s decisions, (3) the M& team’s evaluation and work completion report, (4) details of the public audit conducted. Compliance could not be determined in Dharan’s case.

The regulations require that the first three of these documents be produced before the public audits are conducted as part of the review process. Delay in producing these documents halts the process and thereby creates an atmosphere of distrust, and a sense that there is potential for collusion. In fact, it might be mostly the lack of capacity of those expected to prepare these documents that leads to noncompliance. Once a project is completed, it seems evident that the documents would come through in a timely way, unless there is a capacity problem or other factor causing the delay. As indicated by the public audit cases, when projects are not carried out with the simple intent of completing projects for the public good, issues with performance might surface during public audits thereby creating incentives to delay or manipulate that process. It is not just the compliance parts of these documents that indicate transparency and accountability, but also the content. It is also possible that all required documents are submitted just to fulfill the process. If municipal officials are negligent in their review of the content or are partners in collusion, these documents have minimal significance.

Technical Services Suggestions
User groups at both municipalities seemed to be in compliance regarding taking suggestions and advice from the municipal expert. In the absence of the local body technical team, both municipality’s UGs failed to comply with recruiting their own technical team. Costs associated with hiring a technical team, and the capacity of the user group members, play a significant role in achieving compliance with this indicator.
Monthly Meetings
All user groups of Dharan Municipality were found to be in violation of the requirement that monthly meetings be held. If monthly meetings do not take place, there are three likely explanations: meetings are not considered necessary and are neglected; members cannot assemble a quorum because of unavailable or uninterested members; or meetings are avoided intentionally for collusive reasons. As reported by practitioners who are involved with user groups, they struggle to gather the required members. This is because many are uninterested or do not have the capacity to participate productively. However, in cases where collusion is present, such individuals hijack the membership seats and place other individuals that can collectively work with a common collusive agenda. Such a user group would not conduct monthly meetings, and if it did, it would only do so in a closed setting to satisfy formalities.

As studied and analyzed by MuAN, specific findings of the user group compliance study are mentioned below:

- Projects were completed in one fiscal year, but payment were made in the next fiscal year.
- Members of the same household participated in multiple user groups.
- User group contributions were not held in bank accounts.
- Records of cost estimates, construction materials, quality monitoring, and bookkeeping were not available from user groups or municipalities.
- Many transactions were not processed through the banking system.
- User group committees did not adequately familiarize beneficiaries with legal provisions, working procedures, or public and social audits.
- User groups did not seek outside technical support, even when it was unavailable from the municipality.
- User groups’ monthly meetings, information, and minutes were not shared adequately with the municipality.
- The inclusion of representatives from the Ward Citizens Forum on monitoring teams (five members), the number of households benefited, and the number of female representatives were all conditions not met in the composition of these teams.

4.3.5 Conclusion
The user group audit was found to be very effective in understanding transparency and accountability issues in the five municipalities. It proved to be extremely valuable in exposing certain weaknesses in the process, such as insufficient documentation, weak coordination, substantial delays in
accounting procedures, and general lack of transparency among the players. It cannot be concluded, however, that behavior will be changed by exposing noncompliance in a single user group audit. In cases where genuine corruption is a non-issue, the noncompliant members could show behavioral change in the next audit. It is possible that a single noncompliance exposure could positively affect another user group in the future. However, these lessons may not travel, considering that the project may already have been completed, or that it could just be human nature to not so readily learn from others’ troubles, but only from troubles of one’s own. It is generally worth noting that while noncompliance was found in almost every case (though the violations were admittedly small in many cases), there was no systematic response or punishment from local government. These audits might be powerful tools if linked to accountability mechanisms, but without those incentives to change behaviors they will ultimately have limited effect. The tool worked well as a way to identify problems, however. This could have specific value considering the rampant issues of accountability, transparency, and corruption all around, but requires further thought.

User groups are considered key elements of self-governance among local bodies. Therefore, strengthening their role is critical. Blatant violations of the regulations, such as use of heavy machinery and private subcontractors, were seen and ignored by municipal officials. The negligence shown by accountable municipal officials could be more complicated than assumed. As indicated in the Thakuri Gaun public audit example, municipal officials have no incentive or security to be in the front line, especially in an environment where political and elite interference is high. The municipal resource mobilization manual authorizes awards as incentives for quality work. Perhaps such incentive-based monitoring among user group members and municipal officials could improve user group compliance, especially as officials generally seem reluctant to resist pressure or withhold payment for noncompliance.

From the analysis, field visits, interaction with user group members and the general population, and case studies, it is evident that there are a lot of issues related to the capacity of user group members to understand the regulations associated with user group formation, activities, and procedures. Many regulations are misread and errors are made, while some are simply ignored. The municipal role in ensuring that all public audits are conducted by the book, and that all user groups are in compliance with the rules, is critical to ensure that much-needed development budgets are utilized well.
Even with the indicators showing user group compliance, further investigation could reverse the compliance checkmarks. This could happen for example, if all user group members including the committee were to partner together for a cause, whether for personal financial gain or the community’s benefit. For example, if there were certain people from one family in a user group, but for compliance sake they listed different home addresses, this could go undetected. The citizenship record, as required by the indicator, does not indicate a specific home address, nor do Nepali homes have house numbers in practice. Beyond the issues at the local level, the regulations need to be thoroughly reviewed and revised to eliminate loopholes and to establish realistic standards.

User groups’ capacity, or lack thereof, to understand the procedures and processes is one of the foremost issues identified by the use of this tool, followed by negligent and unaccountable municipal officials. While the regulations are not too difficult for most educated citizens, specific trainings in user group compliance for groups with limited literacy would help strengthen the incentive-based monitoring, supervision, and guidance from municipal officials. While there are other tools such as RTI, public audits, and other actions such as an enhanced municipal role in partnership with other state agencies to curb corruption, the primary need for user group compliance is building their capacity, community support, and municipal accountability.

### 4.4 Public Expenditure Tracking

The public expenditure tracking survey (PETS) is a tool designed to track fund use all the way from the source to the end users—private contractors and user groups. The primary goal of the tracking system is to help identify corruption or other inefficiencies through leakages and misuse from origin to destination. Use of the budget allocated for a certain line item is one of the most important parts of any development activity. The municipal budget has a direct impact on the lives of citizens. It provides vital resources for development activities as well as municipal operations.

#### 4.4.1 Rationale for Selection of PETS

Budget information is not readily available where corruption is rampant and deeply embedded in society. Simple requests related to budget and expenses may not always be sufficient to extract the information. The beneficiaries are unaware of how funds are released and spent, and what and which portion
reaches their communities. And in between the process, funds released from the municipality to user committees are mismanaged, with leakages and over-invoiced financial documents and bills. PETS was selected to track the funds from “origin to destination” and ensure their proper use by reducing chances of leakages and irregularities.

It was expected that budget and expense data would be received from the municipal offices and user committees and then followed over the course of the project to track leakages. In doing so, the expectation was to be able to conclude what portion of the allocated budget would actually be used for the intended purposes. Such a transparent mechanism would easily reveal leakages and irrelevant spending, and presenting those inefficiencies for public discussion would force behavioral changes, or allow for constructive discussion of deficiencies in the financial management system.

4.4.2 Mode of Implementation
The LGAR project organized trainings in Kathmandu to produce a PETS resource person. The resource person was deployed to the municipalities to train other WCF members on PETS and other relevant social accountability tools. At least three other social mobilizers from each municipality were also trained on the importance of PETS and its processes. These trained social mobilizers attempted to keep close oversight on funds released by the municipality and spent by the user committees at their municipalities. They also shared their technical knowledge about PETS with user committees and municipal staff.

4.4.3 Impact of PETS
The partners attempted to conduct PETS, but with minimal success. Even RTI requests for budget and expense documents were not completely addressed. For example, in Dharan, only three out of ten requests for budget and expense documents were fully addressed, and in Narayan Municipality, only seven out of 15 were fully addressed.

Due to time constraints and hurdles at the municipal offices, the effort to conduct PETS was given limited attention. Budget tracking is the most critical tool to measure corruption, and is probably also the one that is most difficult to implement. Transparency and accountability are mostly tied to corruption that involves monetary gain. Therefore, it is not surprising that PETS was an ineffective tool in the current municipal accountability and transparency context.
The impact of PETS has been felt more keenly at the level of building awareness regarding accountability and transparency with the use of budget and expense related information. People, especially the members of WCF and social mobilizers, are now more informed about the tool. Because of this increased knowledge, along with a greater familiarity with their RTI rights, they are in a position to demand information relating to budgets and financial details of projects and programs from municipalities and UCs. In practice those trained have been unable or unwilling to put this tool into practice, unlike many other practices introduced in LGAR which have been replicated with direct project support.

4.4.4 Conclusion

PETS has worked to generate awareness among some local activists that it is a good tool to track resources from “origin to destination” and can be used to track leakages. However, considering the fact that it is tied to a culture of deep-rooted collusion and lack of transparency and accountability, it could not be utilized to the extent desired. Simply extracting expense information was difficult, to say nothing of tracking budget flow on a periodic basis. In a culture where even the beneficiaries’ team up with the illegal contractors, and municipal officials charged with project oversight are negligent for personal benefit, PETS will be limited in effect. PETS as a tool could be utilized in the future as accountability and transparency improve. Instead of focusing on PETS, strengthening internal financial tracking within the various levels of the Nepal government would probably have a stronger effect; but documentation, capacity, and other constraints would still make such an undertaking very challenging.

4.5 Town Hall Meetings

Town hall meetings are community meetings where local community issues are discussed. They are typically conducted in the evenings to increase participation, and provide a forum for citizens to discuss items on the agenda. These discussions are recorded and used to help the local bodies and communities make decisions. Town hall meetings are a great way to bridge the gap between the local bodies and their constituents.
4.5.1 Rationale for Selection of Town Hall Meetings
In recent years, the gap between municipalities and the general public has widened, and discrepancies and mistrust have been on the rise. This is because there is no regular communication or dialogue between the two parties. Municipal constituents’ opportunities to voice their concerns and grievances are limited. In the absence of such public spaces or forums, they either have to individually approach the municipality or lead a delegation to express their grievances relating to municipal services. Only those having courage can approach the municipality to have their problems addressed, and most citizens find themselves compelled to keep their grievances to themselves. The concept of regular town hall meetings was introduced to the project during the local inception meetings as a way to provide municipalities and citizens an opportunity to come together for dialogue and discussion on the issues concerning the municipalities.

The size of town hall audiences, the quality of their participation, the frequency of meetings, and the follow-up of issues discussed are the indicators that best capture the utility of these meetings. High levels of attendance and quality of participation, as well as increasing frequency of such meetings can all indicate public interest in a new public forum for interacting with municipal officials. However, conducting meetings is not sufficient by itself to really achieve measurable success. Results from these efforts will soon evaporate if municipal officials do nothing to address the issues raised and the conclusions reached during these discussions.

4.5.2 Mode of Implementation
With the Municipal Association of Nepal (MuAN) in the lead, two town hall meetings were conducted at each municipality as a way for the community to voice their concerns and for the municipality to justify its actions and understand the public need. In total, ten townhall meetings were organized that followed a prescribed format. Selected individuals representing various agencies and groups were invited to participate. A few uninvited members of the public also attended the meetings. The meetings were broadcast live via FM radio. The first five townhall meetings were conducted in September 2013 with an open agenda, and the second round occurred in December with the specific objective of discussing the municipality’s planning process and participatory budgeting more broadly.

4.5.3 Impact of Town Hall Meetings
The findings of the first town hall meetings at all municipalities are discussed below. Data for the second town hall meetings was only collected in full at Bhimdutta
Municipality, and the data coded below is exclusively from the first meeting for each municipality. Overall, issues of social accountability drew the most comment during the meetings, followed by services, efficiency, transparency, information dissemination, and related topics. Corruption as a topic of discussion seems to have only been raised at Bhimdutta Municipality during the first meeting. It should also be noted, however, that the issues raised crossed many categories during the course of the discussion. Therefore, the data presented here should only be used to get a general sense of the meeting and not for specific counts of subjects covered. These meetings were seen as a great opportunity to bridge the gap between the demand and supply side, especially in the absence of elected municipal representatives over the past twelve years. During both meetings, the floor also served as a venting ground for citizens to shout out their valid concerns.

Table 4.5.1—Town Hall Meeting Discussion Topics

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Public Representation</th>
<th>Corruption</th>
<th>Procedural Compliance</th>
<th>Social Accountability</th>
<th>Transparency &amp; Information Dissemination</th>
<th>Service Efficiency</th>
<th>Project Quality</th>
<th>Total Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>Byas</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Dharan</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Narayan</td>
<td>5</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>11</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>1</td>
<td>10</td>
<td>22</td>
<td>16</td>
<td>20</td>
<td>1</td>
<td>79</td>
</tr>
</tbody>
</table>

An open agenda is unusual at town hall meetings. These meetings work best when gathering public opinion of a municipal initiative, or discussing an issue in the community. They provide a platform for citizens to voice their concerns and an opportunity for municipal officials to take note and make changes before making a decision. Town hall meetings are typically open to the public, and key government agencies and stakeholders connected to the agenda items are invited to attend.

Successful town hall meetings typically begin with a brief, to-the-point-opening, and have a set agenda for discussion. To generate interest in municipal governance matters it is necessary to attract the general public, and to provide a forum for anyone interested in speaking. The session should be as short, informative, and effective as possible. Some participants were of the view that the town hall meetings were very similar to public hearings. At some
of the municipalities, public hearings are already being conducted quarterly as required by regulations, but often focused on quite specific issues.

In the town hall meetings conducted during the LGAR project, representatives from a variety of government and community organizations were invited, but the meetings were not advertised to the general public. These town hall meetings generally had no pre-set agenda, and opened up many issues that may have overwhelmed some municipal officials and other participants. This may have limited their impact to some extent, but despite this the town hall meetings have had positive impacts. The fact that they helped bridge the gap between the supply and demand sides of governance is clearly a positive impact. Both town hall meetings at all municipalities were attended by a sizeable list of invites—government officials representing different agencies, WCF and CAC members, user committee members, journalists, representatives from NGOs, the bar association, disadvantaged and marginalized groups, political parties, educational institutions, business communities, and a few additional members of the general public. The meetings covered numerous topics and heard responses from municipal officials. In addition to launching a great platform for interaction between the demand and supply side, the meetings also provided an opportunity for the supply side to justify some unpopular municipal actions, as well as an opportunity to question suspected anomalies in government operations. Case Study 5 is such an example: the case of a citizen’s query that ultimately may have involved the Commission for the Investigation of Abuse of Authority (CIAA).

**Box 4.5.1—Case Study 5**

**Town Hall Meeting: A Public Forum Exposes Suspected Anomalies**

A town hall meeting was conducted on September 23, 2013, at Narayan Municipality in Dailekh District. People raised the issue of irregular garbage collection, despite a municipal levy of Rs. 300 from each household. When the executive officer was confronted with this issue, a heated debate ensued. One participant commented that he was aware of a telephone conversation between the EO and the garbage contractor during which the EO demanded kickbacks. The heated debate and the accusation were picked up by the media and covered as news items. On October 4, 2013, the Commission for the Investigation of Abuse of Authority raided Narayan Municipality and seized all documents for investigation. It cannot be ascertained if the EO was guilty or if there was a political motive behind the sequence of events, but the July 14, 2013, newspaper report on lack of solid waste management, the locals’ angry reaction, and the events at this town hall meeting together may have contributed significantly to the involvement of the CIAA.
Data from both town hall meetings in Bhimdutta Municipality was studied to draw a general conclusion. In comparing the data from the two meetings, set three months apart, a significant observation was made regarding the quality of participation. Six members of the general public, one municipal official, five government officials, six political representatives, and five journalists spoke during the first town hall meeting. During the second meeting, 17 members of the general public spoke, along with 11 other speakers. Among the 11, the EO spoke several times, probably to respond to questions and comments from the participants. The political representatives spoke 14 times during the first meeting, but just five times during the second meeting. During the first meeting, ten different individuals took turns voicing their concerns, whereas 17 different people spoke in this manner during the second meeting. This suggests that as more meetings are conducted, the number of active participants will increase, helping to realize the true intent of town hall meetings. Another positive effect of continuing town hall meetings was noted in the changing balance of meeting participants. Even after the abolition of the APM in 2012, its effects have lingered, and political representatives were an active presence at the first town hall meeting. During the second meeting, however, the general public was much more outspoken, while the political activists were more subdued.

The experience of Dhulikhel Municipality shows the benefits of open dialogue between the municipality and the general public. Moving forward, quarterly public hearings in the municipality have become more specific and substantial, far from the pro forma proceedings whose purpose is simply to satisfy requirements. With this promising start, town hall meetings have shown themselves to be a great tool to activate the demand side of local governance while providing an opportunity for the supply side to make clarifications and present justifications.

4.5.4 Conclusion

With the completion of the LGAR interventions, town hall meetings have been discontinued at the five municipalities, perhaps due to lack of resources or the effort needed to organize them. However, these meetings were widely appreciated at all the participating municipalities. At Dhulikhel, town hall-style discussions are held during mandated public hearings as a way to continue the practice with less administrative burden. Because all participants consider town hall meetings necessary, perhaps they should be made mandatory. And since regular public hearings are required at all municipalities, a town hall process of open public discussion and debate might be incorporated into the existing public hearing mechanism.
The primary purpose of a town hall meeting is to ascertain directly from the public their needs and concerns, and to allow municipal officials to react and respond. A successful town hall meeting is one in which a maximum number of local, grassroots, community members attend the meeting of their own free will and actively participate. Meetings at which a variety of participants share a wide range of information may be candidates for expansion. Improvements to the meeting format might draw a bigger audience, or an audience more focused on specific agenda items, with more incentive to actively participate, and more likely to take constructive action based on what they learn.

Overall, communities could reap great benefits from town hall meetings, not just as a tool to increase transparency and accountability, but also as a participatory planning tool for local bodies to make decisions based on sound information and public input. Municipalities should make town hall meetings part of the public hearing process for the development of municipal planning documents. Town hall meetings should be used as a tool for all activities requiring citizen participation, and as part of the approval process for decisions by municipal officials. Town hall meetings should not, however, become open-agenda forums for simply venting frustrations. A formal approach to public input on specific issues of community concern is the best recipe for successful town hall meetings.

The fact that, during the LGAR meetings, the voice of the general public became more prominent, while established political actors became more subdued, points to the real potential of town hall meetings. In order to make town hall meetings more effective, the format must be inviting. It should help to overcome the distrust between the demand and supply sides of governance. Although change will not be immediate, town hall meetings will help build trust in the long run. Meeting should be inclusive and strive for broad attendance. To achieve this, meetings need to be simple in format, timely, to the point, and conducted at a time convenient for general public attendance. They should feature an open-to-all format and well-formed agendas. Any citizen wishing to speak should have the opportunity, and all municipal decisions should take into consideration issues raised by the public. A critical component of accountability and transparency is citizen engagement, and town hall meetings are an effective way to make this happen.
4.6 The Right to Information

The Right to Information Act, 2064 has ensured the right of citizens to request information of public importance from public offices. The National Information Commission has spelled out procedures for requesting information and for providing information at different levels of government. Municipalities are public bodies that fall within the purview of the RTI Act. In accordance with the Local Self Governance Act and the RTI Act, local bodies have been required to comply with a set of Minimum Conditions and Performance Measures (MCPM) that are tied to the block grants provided to the municipalities by the central government each year. The RTI Act guarantees protection for information seekers and penalizes public officials for withholding requested information. The RTI Act further provides for compensation to claimants who suffer financial loss due to the illegal withholding of information.

4.6.1 Rationale for Selection of RTI

Although enacted eight years ago, use of RTI by the general public has yet to take off. The most difficult type of information to acquire from local government officials is information related to fiscal discipline. The largely ineffective implementation of the RTI Act to date might be blamed both on that reluctance or unpreparedness to disclose fiscal information, and on the lack of vigilance on the side of the public. There is also a sense among the public that agencies should be providing information proactively rather than waiting for an RTI request, perhaps because the demand side participants either don’t know how to request the information, or are too preoccupied with personal priorities and are indifferent to the right to information. In general, RTI is used mainly by citizens facing a particular challenge or hurdle rather than out of a general sense of civic duty, but even in those cases where citizens have legitimate grievances or suspect abuses, RTI requests are surprisingly rare.

RTI readiness among local government officials is also a major concern. At a time when local governments have been managed in an ad hoc way, without elections, since July 2002, use of RTI by the people can reduce irregularities in the management of local development resources, and instill a sense of accountability among local government agencies. The use of RTI could also be an effective way for bureaucrats and even EOs to fend off unwanted pressure from local elites and political party representatives. With this rationale, RTI was selected by the LGAR project as a social accountability tool.
4.6.2 Mode of Implementation

LGAR introduced RTI trainings and initiated RTI activists on the demand side, and built capacity for RTI readiness on the supply side, to help build transparency and accountability. RTI activities were implemented by Freedom Forum in the five municipalities, focusing both on the supply and demand side of RTI interventions. These activities were carried out in expectation of the following results: (1) increased demand for information at the five selected municipalities, (2) improved readiness and capacity to proactively disclose information and address requests for information, and (3) enhanced public awareness of the Right to Information.

**Demand Side**

On the demand side, Samudahik Sarathi, another NGO recruited for social mobilization aspects of the project, selected three RTI activists from each of the three wards of participating municipalities. Forty-six RTI activists were trained by Freedom Forum in three events over five days. Each ward was represented by at least one youth activist. The training sessions covered subject matter to build the capacity of the demand side of good governance, including the RTI Act and regulations, RTI practices and case studies, and the use of RTI to enhance local governance and accountability. The activists were also taught how to create and file RTI applications with site visits at various government bodies, and how to file appeals and lodge complaints with the National Information Council (NIC) when RTI requests are denied. As a part of the training, the activists filed RTI applications at various agencies and local government bodies. Of the 46 trained activists, 22 were women and 15 represented indigenous groups. As part of their training, they committed to carrying out the following activities: (1) develop a network of trained activists; (2) file RTI requests at various public agencies; (3) share RTI knowledge through orientations and meetings; and (4) raise awareness individually in a consolidated effort.

**Supply Side**

On the supply side, Freedom Forum conducted three-day trainings for executive officers and information officers of the five selected municipalities. The trainings covered RTI readiness and skills, tools, and techniques to address requests for municipal information. Proactive information disclosure was also widely discussed. The RTI regulations state that the responsibility for creating and building an RTI-friendly environment lies with the chief of the agency where an RTI request is filed. When the information officer (IO) fails to provide the information requested, a complaint may be lodged with the NIC. After the
complaint is filed, the regulations make the at-fault agency’s EO responsible for addressing the request. The training would help not just in RTI readiness, but also to fend off unwanted pressure from groups and individuals during the planning and budgeting processes.

The training sessions for EOs and IOs covered topics such as RTI principles and practices, the RTI Act and regulations, collaborative efforts with the Nepal Information Council on RTIs, IO and EO roles in RTI response and proactive disclosure, in-house information management, using RTI to promote good governance, and case studies. Five municipal coordinators and five trainees were also trained by Samudahik Sarathi on social accountability tools, including RTI. The EOs and IOs prepared a list of commitments to take action on to improve the information environment in their municipalities with regards to RTIs after the training sessions. The participants indicated that their understanding of RTI had improved, and they would be more responsive to RTI requests, and more diligent about proactive disclosure.

4.6.3 Impacts of RTI Activities

As a result of the trainings and the pledged commitment, a total of 113 confirmed RTI requests were filed. Although a few more were reported, these have not been counted due to discrepancies in field data.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Total RTI Applications</th>
<th>RTI Applicants</th>
<th>RTI Completely Addressed</th>
<th>Average Days Taken (Of Those Addressed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>10</td>
<td>7</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Narayan</td>
<td>40</td>
<td>14</td>
<td>24</td>
<td>10</td>
</tr>
<tr>
<td>Byas</td>
<td>19</td>
<td>7</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>17</td>
<td>9</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Dharan</td>
<td>27</td>
<td>20</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113</strong></td>
<td><strong>57</strong></td>
<td><strong>71</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

Of the 113 requests filed, 71 were completely addressed to the satisfaction of the applicants. The rest were either partially addressed, unsatisfactorily addressed, not addressed at all, or their status is yet unknown. In a few cases, information was provided by the government agencies, but the applicants have not followed up. The average number of days taken to completely address a request varied by municipality and the nature of the request. Of those addressed completely, five to ten days seemed sufficient at each municipality. However,
this is considering all completely addressed RTI requests. Some addressed RTI requests, especially in the budget and expense categories, required as many as 31 days. Several applicants filed multiple requests: ultimately resulting in a total of 113 requests from 57 individuals. The law places no limits on the number of RTI requests from one individual: one RTI activist in Narayan Municipality filed 21 RTI requests.

Of the 113 requests, 90 were filed by activists and 23 by non-activists. Although some of the non-activists were associated with the project as social mobilizers and WCF members, some others had not been directly trained by the activists to file RTIs. RTI requests from non-activists can be taken as an encouraging indicator.

Table 4.6.2—RTI Affiliations

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Affiliation of Applicants</th>
<th>Activist</th>
<th>Non-Activist</th>
<th>Non-Activist Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td></td>
<td>9</td>
<td>1</td>
<td>WCF</td>
</tr>
<tr>
<td>Narayan</td>
<td></td>
<td>34</td>
<td>6</td>
<td>WCF/Social Mobilizer</td>
</tr>
<tr>
<td>Byas</td>
<td></td>
<td>19</td>
<td>0</td>
<td>NA</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td></td>
<td>14</td>
<td>3</td>
<td>WCF/Journalist</td>
</tr>
<tr>
<td>Dharan</td>
<td></td>
<td>14</td>
<td>13</td>
<td>WCF/SM/Journalist/Public/Media</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90</td>
<td>23</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.6.3—Municipal vs. Non-Municipal RTIs

<table>
<thead>
<tr>
<th>Municipality</th>
<th>RTI Destinations</th>
<th>Municipal</th>
<th>Addressed RTI</th>
<th>Percent Addressed</th>
<th>Govt. and Others</th>
<th>Addressed RTI</th>
<th>Percent Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td></td>
<td>5</td>
<td>4</td>
<td>80%</td>
<td>5</td>
<td>4</td>
<td>80%</td>
</tr>
<tr>
<td>Narayan</td>
<td></td>
<td>15</td>
<td>5</td>
<td>33%</td>
<td>25</td>
<td>19</td>
<td>76%</td>
</tr>
<tr>
<td>Byas</td>
<td></td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>17</td>
<td>12</td>
<td>71%</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td></td>
<td>13</td>
<td>7</td>
<td>54%</td>
<td>4</td>
<td>2</td>
<td>50%</td>
</tr>
<tr>
<td>Dharan</td>
<td></td>
<td>18</td>
<td>14</td>
<td>78%</td>
<td>9</td>
<td>4</td>
<td>44%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>53</td>
<td>32</td>
<td>60%</td>
<td>60</td>
<td>41</td>
<td>68%</td>
</tr>
</tbody>
</table>

Although there is significant variation among four of the five municipalities regarding the destinations of RTI requests, RTI requests overall were sent more or less equally to municipal and non-municipal agencies. Because
transparency and accountability are common issues among all government bodies, many RTIs were filed at non-municipal offices, although the focus of training was primarily on municipal bodies. Considering that the distribution of RTIs between municipal and non-municipal offices was roughly equal, and that municipal coordinators, EOs, and IOs had received special RTI training, the results show surprisingly little difference in response rates between municipal and non-municipal offices. Note, however, that plenty of government agencies were also included in the RTI activists’ awareness campaign, and that central government agencies may be in a better position, even without special training, to understand the RTI Law and accountability requirements, especially considering that local bodies have been isolated from accountability and transparency requirements during more than a decade of collusive practices under the APM. Note also that the non-municipal group includes VDC- and ward-level RTIs not included among the subject municipalities of the LGAR project.

Table 4.6.4—Types of Information Requested by RTI

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Budget, Income &amp; Expenses</th>
<th>Local Development Projects</th>
<th>Services</th>
<th>Information Related to Minority Groups</th>
<th>Other General Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Narayan</td>
<td>15</td>
<td>12</td>
<td>0</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Byas</td>
<td>12</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>10</td>
<td>3</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Dharan</td>
<td>10</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>24</strong></td>
<td><strong>8</strong></td>
<td><strong>10</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Table 4.6.4 attempts to show the RTI applicants’ areas of interest and possibly their sense of which sectors of government experience the most misappropriation and corruption. While corruption includes more than just misuse of funds (procedural and regulatory malfeasance, for example) the results here clearly show that financial matters were the top concern of the RTI filers. The second highest category is Other General Information, which includes an array of queries ranging from student research work to questions of due process. Almost all local development project queries were focused on project budgets and expenses. Worth noting here is the fact that many RTI requests were not confined to a single subject, but contained multiple queries covering multiple categories. In reality, then, the total number of queries is greater than the officially reported total of 113 RTIs.
Table 4.6.5—Time Needed to Address an RTI Request

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Budget, Income, &amp; Expense RTIs Completely Addressed</th>
<th>Avg. Days to Completely Address Budget, Income, &amp;Expense RTIs</th>
<th>Percent of Budget, Income, &amp;Expense RTIs Completely Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>4</td>
<td>11</td>
<td>80%</td>
</tr>
<tr>
<td>Narayan</td>
<td>7</td>
<td>6</td>
<td>47%</td>
</tr>
<tr>
<td>Byas</td>
<td>10</td>
<td>12</td>
<td>83%</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>7</td>
<td>6</td>
<td>70%</td>
</tr>
<tr>
<td>Dharan</td>
<td>3</td>
<td>31</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The most popular type of information requested was in the Budget, Income, & Expense category. Within this category, just 31 of 52 RTIs were completely addressed. Dharan Municipality averaged the longest time to completely address RTIs in this category. In addition, Dharan is also the municipality that addressed only 30 percent of the RTIs filed in this category. As expected, financial reporting is a sensitive matter when it comes to dealing with a culture widely engaged in collusion and malpractice. This fact is further reinforced by the unsuccessful attempt to use PETS as a SA tool during the course of this project (described earlier).

Given the number and complexity of the procedural requirements mandated by the RTI Act, and the lack of training programs to build the capacity of municipal officials, it is unsurprising to find an extreme shortage of municipal personnel with the skills to expeditiously evaluate and respond to RTI requests.

In some instances, RTI requests were not addressed due to the absence of any information officer assigned to coordinate RTI requests. In Byas Municipality, there were two cases where RTI requests were not approved, prompting an appeal to the National Information Commission. The two instances were at the District Hospital and the Lions Club. In Narayan Municipality, full information was not provided by the Municipal office for two RTIs, prompting the activist to file a complaint at the NIC. Soon after the complaint, the Municipality obliged the request and provided the complete information requested for both RTIs. The legal force of the RTI Act, and the legal consequences of the failure to comply with legitimate RTI requests, are most likely responsible for this change of heart. However, two RTIs, one filed at a school and another at the district hospital, are still pending, even after complaints were lodged at the
NIC. In the case of a Dharan activist’s RTI, the Sajha Yatayat Cooperative based in Lalitpur refused to acknowledge the information request, claiming that the RTI Act was not applicable to their organization. A complaint filed with the NIC soon convinced the cooperative to provide the information. It is interesting to note that at all locations where RTI requests were refused, RTI readiness trainings had not been conducted.

There are many reasons to believe that RTI as a social accountability tool could have very far reaching effects on transparency in the supply side of good governance. The field data indicates that 20 percent of the RTI requests were filed by non-activists. Although the trainings focus on RTI filings aimed at municipal functions, the RTI filers went well beyond, filing at other government agencies and public and quasi-public institutions. Although most RTI applicants requested information on financial matters, the fact that other RTI subjects were not too far behind indicates that the applicants were aware of or suspected collusion or unfair practices in other areas such as municipal services, minority group compliance, information dissemination, and procedural compliance. A plausible alternative, or course, is that these wide-ranging RTIs could have been filed out of curiosity about an office or agency’s inner workings, or to pursue an applicant’s particular interest in an issue. Considering the fact that public activism is low even in cases where corruption is widely acknowledged, the use of RTIs for frivolous purposes seems unlikely. Over time, however, a culture of transparency and information openness could result in expanded use of RTI requests that make them useful beyond simple attempts to uncover or prevent institutional malfeasance.

With the total number of RTIs requested, there has been an increase in demand and supply of public information. This outcome can be credited to the campaign activities during the project intervention, indicating that broad and sustained RTI activities, not just at the municipal level but at all government agencies, institutions, and organizations, could result in fruitful outcomes. This is backed by the fact that at the municipalities where RTI trainings and other accountability activities were conducted, officials attempted to address all RTI applications, and have realized the benefit of furnishing information not just on RTI applications but also through proactive disclosure. In contrast, most reported RTI refusals occurred at quasi-governmental organizations where accountability trainings and awareness sessions had not been conducted. Such institutions’ members were also unlikely to have been invited to the awareness sessions.
Follow-up after the project period suggests that some RTI activists are no longer participating in the campaign. One of the behavioral changes anticipated from the deployment of RTI activists and the RTI tool was that the campaign would serve as a spark that would continue even after the project period, yet only a handful of activists are currently continuing the campaign. One RTI activist from Narayan Municipality described having filed approximately 50 RTI cases before LGAR started, and continues to pursue an RTI case filed at the municipality three years ago. Since then, the EO has transferred to another government agency. A recent letter issued by NIC notified the municipality of applicable fines for the case, but this is still pending. The case of this activist and his colleagues indicates that a long-term, sustained RTI campaign targeting all accountable agencies and offices may be required.

The RTI applications filed as a result of LGAR intervention have not only helped to improve citizen access to information, but also made it possible for citizen groups to take further actions to hold the local bodies accountable and to make corrections, where applicable. On the supply side, the municipalities have figured information disclosure as a means to fend off undesired pressure on planning and budgeting for municipal projects, activities, and expenses. A fine example of a case from Byas Municipality is related in Case Study 6, below.

**Box 4.6.1—Case Study 6**

RTI—Byas Municipality Fuel Controversy

An activist filed an RTI request with Byas municipality in Tanahu district seeking details of fuel expenses distributed to municipal staff and political party representatives. The supplied information revealed that around Rs. 950,000 was distributed to municipal staff and political parties as fuel expenses in a single year, a violation of the municipality’s financial guidelines. This information was disseminated through local FM stations and newspapers. A public uproar over taxpayers’ money being spent on political representatives prompted the municipality to hold a meeting, where a decision was made to limit fuel expenses to deserving municipal staff and officials. The decision of the meeting was released to the public. The municipality, having made this decision public, no longer expects interference from individuals seeking fuel expense reimbursements who are not municipal staff and officials.

Increased awareness about RTI processes, combined with the capacity to use social accountability tools and processes, have enabled citizens to demand better public services and entitlements. This was evident in a number of RTI applications requesting information on the delivery of public services, and policies related to marginalized groups such as ethnic minorities and the differently abled.
In addition to filing RTIs throughout the municipality, the RTI activists also had an impact raising awareness and training community members in their rights under the RTI Act. Like many of the municipal officials in the LGAR project, these activists have taken their training commitments seriously. Here are some of the more wide-ranging activities that have sprung from LGAR’s RTI campaign:

- The Narayan Municipality activists conducted an RTI awareness session that included approximately eighty key individuals, including the chief district officers, executive officers, and information officers from various government agencies in the area including the Police Department. During the session, pledges were made to improve information officer assignments, the information dissemination system, and agency websites, and an information request template, provided by the activist, has now been adopted by the District Police Office and the District Administration Office, specifically to register public information requests.

- Activists from Bhimdutta Municipality organized two, one-day training sessions for the general public. The events were attended by 40 people.

- Five RTI trainings were conducted in Byas Municipality for the general public and college students. Three hundred members of the general public and 200 college students attended these sessions. The municipality supported the event by providing space and paying for refreshments.

- A meeting between information officers and RTI activists was held in Dhulikhel. The event was also attended by several civil society organizations.

- Dhulikhel Municipality has offered training space and minor refreshment expenses for activists to conduct RTI trainings for the general public.

- In Dharan, RTI activists organized thirteen orientations on social accountability and transparency over the course of the project. RTI activities were also discussed. The sessions were conducted for local, self-employed women, journalists, community forestry group members,
a mothers’ group, clubs, social workers, and political party cadres. These orientations also included corner gatherings.

- The EO and the IO of Dharan Municipality were found to have aided the RTI process by posting public information on the RTI filing process on their website.
- Dharan Municipality, well after project completion, conducted a training session for the IOs of Ilam, Mechinagar, Damak, Dhankuta, Dharan, Itahari, Inarwa, Triyuga, and Rajbiraj Municipalities, all from the Eastern Development Region.
- Partner FM radio stations and news articles published by project affiliated journalists also covered RTI related notices.

4.6.4 Conclusion

Training and mobilizing RTI activists at the local level was catalytic in creating grassroots demand for information and exerting pressure on municipal service providers to be accountable for their actions. The RTI activities helped to create a new awareness among officials of their responsibilities regarding citizens’ right to information.

Due to the surge in RTI requests, along with complaints to the NIC, and the realization that information disclosure could be used to their advantage, the line agencies have taken steps to improve information disclosure. This is a striking improvement over the initial phase of the project, when RTI requests were routinely denied. The growth in RTI requests, and fear of penalties for not meeting the deadlines in the RTI law, have made municipal service providers more diligent about updating information and improving information management systems. This includes proactive information disclosure initiatives such as publicizing municipal activities and programs on radio and the website. However, the information management system on the supply side is still very poor and needs an overhaul to respond to public inquiries in a timely and equitable way.

The RTI requests covered many aspects of governance, from research data to resource allocation decisions. Citizens understand that during the 12-year absence of elected representatives in local bodies, collusion among local political parties and municipal officials has had a major effect on local governance, including municipal resource allocation, budget misappropriations, and procedural noncompliance. Although entrenched interests and collusive decision-making cannot be defeated by standalone
RTI requests, the RTI process has helped citizens to better understand the criteria for making decisions, and to voice their concerns and objections to improprieties. The impact of the RTI process during the project period makes a strong case that RTI has an important place, along with other accountability tools, in a unified approach to local governance reform. As part of that toolkit, a sustained, long-term RTI campaign will be required, with some focus on the demand side, but primary emphasis on the supply side, reaching through municipal and non-municipal government bodies and quasi-government institutions, and accompanied by a strategy to publicize successes and share lessons learned across the nation.

4.7 Media Engagement

The LGAR program also engaged local media to raise public awareness of local governance and social accountability tools and processes, to publicize good practices brought about by program interventions, and to promote participation in local governance. A total of 25 journalists from participating municipalities participated—including three from print and two from community radio from each municipality. A central element of the project was to build the capacity of one community radio station in each municipality to produce and air weekly local governance and accountability stories. Another project component provided fellowships to local print journalists to write 16 news articles each on local governance and accountability issues.

4.7.1 Rationale for Media Engagement

Print media and radio are still popular in Nepal, especially in smaller towns and rural areas outside Kathmandu where the internet is still not a common source of information. LGAR’s intent was to deploy social accountability tools in the five municipalities while simultaneously publicizing the issues of social accountability, and discrepancies found in procedural compliance during the use or introduction of those tools, in order to better understand local governance. Print media and FM radio were chosen as the best tools for the purpose of sharing information widely within participating municipalities.
A prominent gap between the demand and supply sides of local governance is the lack of trust between the two, caused in part by a breakdown in communication. This communication gap has several causes: collusive behavior among elite actors, shielded by a culture of governance that is non-transparent and unaccountable, and led by non-elected persons not socially vested in the local community. Use of the media to stimulate the demand side would keep the supply side on their toes and potentially force them to become more transparent and accountable and eliminate collusive behavior. The supply side, on the other hand, could use the media to proactively disseminate information, fending off unwanted pressure and winning back the public trust that has been lost over the years.

4.7.2 Print Media

4.7.2.1 Mode of Implementation
Three print journalists and two radio journalists from each municipality were selected for training in radio program production and investigative reporting on local governance. The implementing partner, Nepal Forum of Environmental Journalists (NEFEJ), recruited the participating journalists using newspaper announcements. Print journalists were selected based on experience and their ability to report on local governance. Radio journalists were selected on the basis of their commitment and the willingness of their stations to produce and broadcast programs on the project themes. Training was provided by experts in investigative journalism. The training program, held in Lalitpur, was attended by five journalists from each participating municipality except Bhimdatta, which only sent four participants.

Two of the three print journalists from each municipality were chosen to investigate municipal stories of public concern. These journalists reported an average of 16 stories each during the course of the project.

4.7.2.2 Effectiveness of the Print Media Initiative
Table 4.7.1 shows the topics covered by the print media initiative over the course of the study.
Table 4.7.1—Print Media Topics

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Budget, Income &amp; Expense</th>
<th>Financial Mismanagement</th>
<th>Project Status</th>
<th>Services</th>
<th>Transparency &amp; Information Dissemination</th>
<th>Accountability</th>
<th>Procedural Compliance</th>
<th>Total Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>13</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>33</td>
</tr>
<tr>
<td>Byas</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>10</td>
<td>36</td>
</tr>
<tr>
<td>Dharan</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>15</td>
<td>3</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>14</td>
<td>4</td>
<td>7</td>
<td>32</td>
</tr>
<tr>
<td>Narayan</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>6</td>
<td>12</td>
<td>31</td>
</tr>
</tbody>
</table>

Of the 163 stories published in the course of the project, transparency and information dissemination were the topics most covered by the journalists. Surprisingly, financial mismanagement got the least coverage. Considering the fact that Nepali society is still reliant on newspapers, this intervention showed great promise for raising awareness of social accountability issues.

**Bhimdutta Municipality**

A total of 33 stories were published in Bhimdutta Municipality during the project period. Of these, *Mankhanda Sandhhyakalin Daily* published 16 and *Paschim Nepal Daily* published 17. The journalists in this municipality were most interested in service issues, followed at some distance by procedural compliance. Among the top stories reported by the Bhimdutta team, the following story, although not deeply investigative, is an interesting example of the impact of print media.

**Box 4.7.1—Case Study 8**

**Headline: Hardship Faced by Residents of Bhimdutta Municipality**
**Publication Date: December 12, 2013**
**Newspaper: Paschim Nepal Daily, Bhimdutta Municipality**

Although Bhimdutta is a municipality, residents generally say that in terms of services they feel no different than the rural population, indicating that they don’t think the municipality provides adequate services. In reporting this story, the reporter made field observations, spoke to local residents, examined municipal documents, and interviewed municipal officials. All of the findings were reported in Paschim Nepal Daily on December 12, 2013. One speaker at a town hall meeting referred to the story and related it to his comments. The fact that the story became part of the discussion is an indication that the news story had some tangible impact.
Byas Municipality

Procedural compliance got the most coverage in Byas Municipality, followed by transparency, information dissemination, and services. Madiseti Prawah published 16 stories and Bhanjyang National Daily published 20. The story with the most tangible results covered the lack of municipal agricultural initiatives, despite the municipality’s decision to make agriculture a priority. After reading the story, the municipal council met and adopted several significant agricultural initiatives. The lesson is that the media can play a significant role in reminding officials of their responsibilities and the need to keep in touch with community needs.

Box 4.7.2—Case Study 9

**Headline:** Master Plan Needed for Agricultural Development in Byas Municipality

**Publication Date:** December 2, 2013

**Newspaper:** Bhanjyang National Daily, Byas Municipality

Although the five-year municipal master plan lists agriculture as a priority in its development goals, concrete steps had not been taken by the municipality. In researching this article, the reporter met with farmers and learned about their issues and problems. The reporter also interviewed the municipal officials in charge of agricultural programs to get a better idea of the municipality’s plans, activities, budget allocations, and service delivery to the farmers. Soon after the story was published, the municipal council adopted several significant agricultural initiatives. Some of the issues to be resolved were the timely availability of seedlings and manure, ease of market access, and improved training.

Dhulikhel Municipality

Dhulikhel Municipality and Dharan Municipality showed similar results in the types of issues covered. Thirty-two stories were published in Dhulikhel Municipality, and 31 in Dharan Municipality, with transparency and information dissemination getting the most coverage—14 stories in Dhulikhel and 15 in Dharan. Procedural compliance was next in both municipalities—four stories in Dhulikhel and 5 in Dharan. Transparency and information dissemination stories got the most coverage in Dharan and Dhulikhel of all five municipalities, and the most of any categories overall. The following story from Dhulikhel Municipality was particularly effective.
Box 4.7.3—Case Study 10

Headline: Encouraging the Locals to Build Safe and Earthquake Resistant Buildings
Publication Date: September 1, 2013
Newspaper: Khabar Chautari Weekly, Dhulikhel Municipality

Although new buildings are common around Dhulikhel Municipality, the National Building Code, which contains specifications for earthquake-safe buildings, has not been properly applied. The reporter interviewed municipal engineers from the Urban Development and Planning Division and the former vice-mayor, studied the National Building Code, and visited the Dhulikhel Model House. Since the story was published, several tangible changes have been observed. The municipality now provides technical information on earthquake building standards, a video documentary on earthquakes is screened frequently, and visits to the Dhulikhel Model House are now required for construction companies or other people building new homes.

Narayan Municipality

Procedural compliance was the topic most covered in Narayan Municipality, with ten of 31 published stories. Services and accountability were next with six stories each. Perhaps the most important story in terms of public impact was an investigation of the municipality’s waste management.

Box 4.7.4—Case Study 11

Headline: Unmanaged Waste despite Allocation of 950 Thousand for Waste Management
Publication Date: July 14, 2013
Newspaper: Dhamaka Daily, Narayan Municipality

The municipality’s poor waste management forced local residents to dump household waste in public places. The reporter interviewed local residents and municipal staff, and researched the municipality’s costs and available resources for waste management. The published story resulted in a public uproar. When activists approached municipal officials with complaints about other public services, including the EO’s absence from duty, they were ignored. The activists then padlocked the municipal offices with staff members inside. Since the incident, the municipality has been more responsible about garbage collection, and the reporter senses that locals are more attentive to waste management and more responsible in managing their own household waste.
A few months after the publication of this story, a heated town hall debate and accusations of kickbacks to the EO from the garbage contractor led to a raid on the Narayan municipal offices by the Commission for Investigation of Abuse of Authority (see Case Study 5, above). The original story may well have provided the impetus for the events at the town hall meeting and the eventual raid.

The story with the most interesting investigation was this report on 40 million rupees in unresolved advance payments by Dharan Municipality to 348 people.

**Box 4.7.5—Case Study 12**

**Headline:** Millions in Advance Amounts to be cleared in Dharan Municipality  
**Publication Date:** August 14, 2013  
**Newspaper:** Blast Times Daily, Dharan Municipality

Forty million rupees were distributed by Dharan Municipality as advance payments for various purposes. Due to lack of effective accounting systems, the municipality had not settled the advance payments. In the monthly municipal report, the accounting officer revealed that the sums in question had not been cleared since 2040 BS. The reporter took this as a challenge, and reported the story in Blast Times Daily.

During the investigation, the reporter discovered that several political party leaders and elected representatives had received such advance payments on many occasions. The EO was reluctant to give information, fearing retaliation from the political parties. Eventually, in response to an official RTI application, the IO provided a copy of the audit report detailing the advance payments, the names of recipients, and other relevant information.

Based on the audit report and other evidence, the reporter found that 348 persons had not cleared their advance amounts, and one individual had not cleared his past nine advance payments. The names and the amounts pending clearance were included in the published report. Some individuals apparently threatened the municipal staff for providing the information to the media. An internal meeting at the Dharan municipality resulted in advance clearance notices being sent to all defaulters. As a result, advance payments have decreased to the point where the municipality released no further payments for the remainder of the fiscal year.
4.7.3 Radio Programs

4.7.3.1 Mode of Implementation
Two radio journalists from each of the five municipalities were selected to produce a radio program on municipal governance issues called *Well Informed Citizens and Transparent Municipalities*. Five FM radio stations agreed to run the 30-minute programs on Friday evenings, with one rerun on varying days. Except for Byas Municipality, which aired the rerun at about the same time as the initial broadcast, all others scheduled the rerun during the day. In total, 28 episodes were broadcast over the course of the project. The FM radio was also used to broadcast live coverage of two town hall meetings, conducted as an SA tool used in this project. A survey was conducted, mainly in urban areas, to study the impact of the radio program. The radio programs were advertised in local newspapers, and SMS messages were sent to all RTI activists and local authorities. Various feedback mechanisms were also used, such as text messaging, other phone alerts, and email. The participating FM stations were Shuklaphanta FM (Bhimdatta Municipality), Madi-Seti FM (Byas Municipality), Vijaypur FM (Dharan Municipality), Namobuddha FM (Dhulikhel Municipality), and Dhrubatara FM (Narayan Municipality). The Nepal Forum of Environment Journalists (NEFEJ) coordinated all aspects of their participation.

4.7.3.2 Effectiveness of the Radio Initiative
Table 4.7.2 shows the various topics covered by the radio programs over the course of the project. Transparency and information dissemination got the most coverage in every municipality except Narayan, where project status received the most coverage and transparency the second most. Here again, as in the print media initiative, financial mismanagement received the least coverage, although it is a topic considered critical in evaluating municipal accountability and an important factor in raising public awareness.
Table 4.7.2—Radio Program Topics

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Budget, Income &amp; Expense</th>
<th>Financial Mismanagement</th>
<th>Project Status</th>
<th>Services</th>
<th>Transparency &amp; Information Dissemination</th>
<th>Accountability</th>
<th>Procedural Compliance</th>
<th>Total Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>5</td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>9</td>
<td>7</td>
<td>5</td>
<td>34</td>
</tr>
<tr>
<td>Byas</td>
<td>5</td>
<td>0</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td>2</td>
<td>34</td>
</tr>
<tr>
<td>Dharan</td>
<td>9</td>
<td>1</td>
<td>6</td>
<td>5</td>
<td>17</td>
<td>16</td>
<td>3</td>
<td>57</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>6</td>
<td>1</td>
<td>9</td>
<td>6</td>
<td>14</td>
<td>11</td>
<td>3</td>
<td>50</td>
</tr>
<tr>
<td>Narayan</td>
<td>6</td>
<td>0</td>
<td>11</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>38</td>
</tr>
</tbody>
</table>

| Total        | 31                        | 2                         | 35             | 29       | 56                                     | 45             | 15                    | 213         |

Although the radio programs seemed likely to be an effective tool, a random survey of 2287 potential listeners found that just eight percent had listened to the programs. These listeners mostly belonged to the population on the outskirts of the municipality where their socio-economic characteristics are more similar to rural settings. Although a rural setting is unlike a municipality in many ways, they face many similar issues of local development and governance. The 92 percent who did not listen lived predominantly in urban areas. A careful selection of respondents comprising a mix of urban and rural could have yielded different results.

Table 4.7.3—Respondents by Gender

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhimdutta</td>
<td>247</td>
<td>104</td>
<td>351</td>
</tr>
<tr>
<td>Byas</td>
<td>251</td>
<td>209</td>
<td>460</td>
</tr>
<tr>
<td>Dharan</td>
<td>273</td>
<td>227</td>
<td>500</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>323</td>
<td>233</td>
<td>556</td>
</tr>
<tr>
<td>Narayan</td>
<td>320</td>
<td>100</td>
<td>420</td>
</tr>
</tbody>
</table>

| Total        | 1414 | 873    | 2287  |
Table 4.7.4—Respondents by Age Group

<table>
<thead>
<tr>
<th>Municipality</th>
<th>18–25</th>
<th></th>
<th>26–35</th>
<th></th>
<th>36–50</th>
<th></th>
<th>Over 50</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Bhimdutta</td>
<td>87</td>
<td>24.8</td>
<td>143</td>
<td>40.7</td>
<td>105</td>
<td>29.9</td>
<td>16</td>
<td>4.6</td>
<td>351</td>
</tr>
<tr>
<td>Byas</td>
<td>163</td>
<td>35.5</td>
<td>172</td>
<td>37.5</td>
<td>80</td>
<td>17.4</td>
<td>44</td>
<td>9.6</td>
<td>459</td>
</tr>
<tr>
<td>Dharan</td>
<td>160</td>
<td>32.0</td>
<td>179</td>
<td>35.8</td>
<td>112</td>
<td>22.4</td>
<td>49</td>
<td>9.8</td>
<td>500</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>135</td>
<td>24.8</td>
<td>152</td>
<td>27.9</td>
<td>187</td>
<td>34.3</td>
<td>71</td>
<td>13.0</td>
<td>545</td>
</tr>
<tr>
<td>Narayan</td>
<td>119</td>
<td>28.3</td>
<td>227</td>
<td>54.0</td>
<td>64</td>
<td>15.2</td>
<td>10</td>
<td>2.4</td>
<td>420</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>664</td>
<td>29.2</td>
<td>873</td>
<td>38.4</td>
<td>548</td>
<td>24.1</td>
<td>190</td>
<td>8.4</td>
<td>2275</td>
</tr>
</tbody>
</table>

The age of respondents may also have been a factor in the low reported listenership. Approximately 68 percent of respondents belonged to the 18–35 age group. It is a generally accepted fact that older people tend to be more aware of governance issues than younger people, and might also be more likely to be listeners of talk or news based radio programs. Another potential factor in the low reported listenership may be the education level of respondents. Fifty-two percent of respondents were either currently in secondary school or had only completed a secondary education.

Table 4.7.5—Education Level of Respondents

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Below S.L.C</th>
<th>S.L.C</th>
<th>Intermediate</th>
<th>Undergraduate or Above</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Row %</td>
<td>Number</td>
<td>Row %</td>
<td>Number</td>
</tr>
<tr>
<td>Bhimdatta</td>
<td>105</td>
<td>31.3</td>
<td>118</td>
<td>35.2</td>
<td>79</td>
</tr>
<tr>
<td>Byas</td>
<td>118</td>
<td>27.1</td>
<td>98</td>
<td>22.5</td>
<td>140</td>
</tr>
<tr>
<td>Dharan</td>
<td>123</td>
<td>24.6</td>
<td>168</td>
<td>33.6</td>
<td>142</td>
</tr>
<tr>
<td>Dhulikhel</td>
<td>120</td>
<td>23.0</td>
<td>125</td>
<td>24.0</td>
<td>100</td>
</tr>
<tr>
<td>Narayan</td>
<td>90</td>
<td>21.6</td>
<td>158</td>
<td>38.0</td>
<td>127</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>556</td>
<td>25.2</td>
<td>667</td>
<td>30.23</td>
<td>588</td>
</tr>
</tbody>
</table>
Given the unknown contribution of these factors to the low reported listenership, the value of the radio programs should not be casually dismissed. Radio has long played an important role in Nepal, as television and print media have not been readily available in rural areas. Further evaluation of the design and content of the programs may be necessary to draw conclusions.

The five participating radio stations broadcast ten town hall meetings in the five municipalities. News of the town hall meetings was also broadcast. Extensive coverage of the town hall meetings helped acquaint citizens with their purpose, and provided an opportunity to raise issues and explore solutions. Town hall meetings themselves are rare events. The introduction of live radio coverage was an appreciated feature.

4.7.4 Conclusions
The conclusions here are drawn from survey data of news readers and radio listeners, interactions between journalists and citizens, personal testimony of the participating journalists, and program design. There is a sense of general improvement in activities related to accountability and transparency in all the program municipalities, which can be observed in the effect of radio and print media coverage on the other social accountability activities in the project.

Although only eight percent of the random survey respondents seem to have heard the radio program, those who listened generally liked it. The fact that the news articles and radio coverage have led to further action is an indication of their effectiveness. During one town hall meeting, a reference was made to one of the radio broadcasts. This is an indication that the listener used the information. Information from the media is of greatest value when readers and listeners put it to use.

The effectiveness of the print media initiative cannot be fully ascertained. Newspaper circulations were not measured, but they are certainly widely read, and it can plausibly be claimed, for example, that print and radio coverage of RTI issues played a role in making municipal bodies more responsive to RTI queries. The same could be claimed for the media’s contributions to all SA activities in this project.

During town hall meetings, especially in Dhalikhel and Dharan, citizens requested the continuation of the radio program. Local officials expressed support for the request during the project period, but only Dhalikhel Municipality followed
through, continuing the program under the same title, *Well Informed Citizens and Transparent Municipalities*. Radio Dhrubatara of Narayan Municipality continued the radio program for an additional six to seven weeks after the LGAR project ended, but stopped due to financial constraints.

In the print media the picture is somewhat different: all the participating journalists have continued reporting on municipal and non-municipal accountability and transparency issues. Follow-up conversations with the journalists indicate that Bhimdutta Municipality generates two or three SA articles monthly, Narayan Municipality publishes 11 to 12 SA articles monthly, Byas publishes seven or eight, Dhulikhel ten to 12, and Dharan four or five. This ongoing reporting is a positive impact of the media program. The best post-project results can be seen at Dhulikhel, where it has become the practice to invite journalists to ward meetings.

The reporters were trained to do investigative journalism. Although there are a few who do, the media program could have produced better results with a stronger focus on the investigative component. Investigations by participating journalists produced tangible results showcasing the need for accountability and transparency in governance. More such reports would have had even greater impact.

The published stories and reports increased the prominence of the subject of governance, but the media’s effectiveness more generally in raising issues of social accountability and transparency in their respective municipalities cannot be ascertained. While print media seems to have produced better results, the radio program, mostly at Dhulikhel, does show some success. Overall, the media program could benefit from a few tweaks, such as consistent program design, choice of topics, and follow-up, along with a better approach to measuring circulation and listenership. A comparison of newspaper circulation when SA stories are or are not included would also be a significant addition.
Chapter 5: Conclusion and Recommendations

The results of the action research suggest that most of the SA tools utilized helped in some way to bridge the gap between the demand and supply sides of local governance, and some acknowledgement of their value has been observed among stakeholders. However, since each tool proved useful in many ways, it is difficult to link any one tool to achievements in a specific aspect of local governance. For example, RTI improved information dissemination and promoted transparency, but the enabling legislation also helped reduce negligent behavior and made officials more wary of appearing to behave badly. Town hall meetings not only established an open platform for dialogue between the demand and supply sides, but also required the supply side to be accountable for their actions by allowing themselves to be questioned in public. Public audits, user group audits, and procedural compliance checking proved to be very powerful tools for understanding the complexities of establishing good governance. From willful violators seeking personal gain, to reluctant collusion intended for community good, the exact intent of the behavior cannot be determined without being a part of the collusion, and investigating every case in the country is impossible. While all the SA tools are intended to produce good results, when those using the tools do not perform their duties in good faith, the entire effort becomes futile.

Ultimately, local elections must occur, but the assumption that local elections will inevitably establish accountability and pave the way for good local governance should be treated with caution. The entrenched practices of political and elite interference of the past twelve years cannot be easily undone. The current political representatives, when elected, may find it easier to simply continue with their entrenched practices, now with the legitimacy bestowed by the electoral process. Collusion among many actors, even of different parties, could make local elections harmful if they provide a veneer of legitimacy. This is not to say that local elections should not happen, but that holding local elections is just a missing component, and may not be the magic key imagined by many proponents of good governance.
Key government officials have stated that the implementation of local development projects by user groups that have a stake via finances, local resources, or labor, is a model that is here to stay. The relative effectiveness of user groups versus contractors continues to be debated, but the present system does not have any foolproof mechanism to measure the relative quality of projects carried out by one group or the other. The established regulations have good intentions, but implementers with ill intentions have figured out ways to circumvent the regulations. This has happened primarily because of the apathy of monitoring bodies. The user group model could also be seen as evidence of the government’s reluctance or inability to embrace a leadership role in local development. But by shirking its responsibility—the advantages for development projects of local buy-in notwithstanding—it could be argued that the government is actually hindering the development process. This is not to say that the existing regulations and established procedures should be eliminated altogether, but that the government’s role in taking responsibility and exercising authority should be reinvigorated. Because accountability and responsibility go hand-in-hand, it makes no sense to impose accountability for a project on a group that does not have responsibility for that project. Regulations and procedures may need tweaking to some extent, but without a vigorous government role enforcing regulations, all efforts to correct the system seem unlikely to improve performance as much as is desired and needed.

5.1 Key Recommendations

The study has shown that through the use of RTI and other mechanisms, the exposure of potentially corrupt behavior incites a fear of repercussions and thus reduces the space for collusion. With the CIAA’s involvement in many ongoing cases, there is a certain appreciative buzz from the public, as well as concern among people engaging in collusive behavior. With local elections around the corner, expected changes in the government structure, and the CIAA’s enhanced role in curbing corruption, the time may be ripe to expand the government’s role in local body activities. Therefore, a key recommendation of this action research is that the user group regulations and the local bodies’ oversight role in development projects should be thought through. With the improved public engagement observed in this study, an enhanced role for the supply side, in tune with the demand side, will only help improve local governance.
The local bodies’ role should consist primarily in officials and staff serving the community wholeheartedly, with incentive-based accountability as a key requirement. Of course there are many problems with procedures and regulations, such as inadequate time for conducting public audits, and revisions required due to lack of capacity. However, without an accountable governing body monitoring regulations and procedural compliances, all such revisions hold much more limited meaning. Corrupt individuals will always devise ways to collude and evade regulations. The current system does have monitoring requirements for local bodies, but the fact that negligent and corrupt behavior of local body officials and staff are not checked and not tied to incentive-based monitoring systems makes those requirements ineffective. Even the most critical local body administrators, the EOs, are appointed bureaucrats, and their tasks are not tied to any incentive-based system that rewards them for being pro-development. No matter how hard they work, or how well they perform, the fact that frequent political changes in national leadership result in their transfer does little to encourage them to perform better than their last assignment.

Third-party monitoring of all project activities could be an option, but because of entrenched collusive practices it is also possible that even the newly established independent monitoring structure could be swayed to behave in the same manner. Therefore, in addition to active engagement required from the demand side, all recommendations of tweaks in the SA tools, procedures, and compliance expressed in this chapter are based on the key recommendation of strengthening the local government’s role in monitoring and evaluation of all projects and operations through an incentive-based structure.

5.2 Establishment of a Local Body Commission

EOs are posted to their municipal jobs by the ministry for a relatively short time. In many cases, EOs do not have local ties to the municipality where they serve, and therefore lack local knowledge. They are seen as outsiders by the local public. In contrast, officials and staff at the municipality are local individuals hired for the long term. Being local, they possess local knowledge, information, and networks with political leaders and local elites. Owing to these facts, municipal staff and officials have a sense of empowerment. This informal power dynamic makes it difficult for an EO to discipline staff, even in
cases of violations of standard norms and practices, and has contributed to the culture of impunity and a dysfunctional system.

Instituting a separate local body commission to recruit and evaluate staff performance at local governance institutions, with incentives such as promotions for high performers and transfers and terminations for low performers, would make the employees more competitive and efficient. Such a commission would enable free and fair recruitment of municipal staff and would therefore undermine the sense of power and authority that municipal staff and officials possess due to their ties with political leaders and local elites. It would also embolden the EOs to discipline staff appropriately whenever necessary. It should be noted, however, that EOs, despite being emboldened to take disciplinary action when necessary, are likely to continue getting political pressure from the workers’ unions affiliated with the major political parties.

5.3 Revision of Procedural Guidelines

Excessive procedural guidelines are a key reason for the in-formalization of planning for local development projects, and in general have contributed to a culture of cutting corners. Municipal staff and officials find it difficult to keep up with the established procedural guidelines for two reasons: first, there is a time and capacity crunch at municipal offices due to the sheer volume of work; second, there are too many procedural guidelines and requirements to keep up with. The complexity and drudgery of the procedural requirements has led to taking shortcuts, which leads to an erosion of compliance with the rules of the system and undercuts oversight and accountability. This happens among those implementing projects as rules are broken without consequences, making it less likely that future implementers will put effort into compliance. As a result, municipal functions become inefficiently bureaucratic, opening up opportunities for the middlemen and brokers to take advantage of the complexity of the system at the cost of public suffering.

For example, by submitting project completion reports towards the end of the fiscal year, municipal officials hurry the public audit process, cutting corners and precluding effective evaluation of the quality of the project. When violations are observed or reported during the public audit process, the project monitoring staff are seen as negligent, with no action being taken. While wrongdoing in collusion is possible, such behavior can also be a result of simple laziness, where taking up
further action could potentially result in unknown and unwanted consequences. There are also incentives for government officials to perform on budget execution and project completion, making it less likely that they would hold up a process near the end of the year. Hiring contractors without formal bidding or without a technical evaluation system is another example of cutting corners.

One recommendation is that all existing procedural guidelines and requirements should be streamlined to make compliance practically feasible given municipalities’ capacity and resources. For example, the regulations should allow UC membership to comprise people with capacity rather than taking a blanket approach to inclusiveness. The most critical streamlining required is with the processes of planning, budget release, project completion, and public audit. When requiring the municipality to conduct public audits, the entire sequence of planning, budget disbursement, and project completion should be organized to allow for the timely release of the adopted plan, timely selection of implementers, and timely release of the budget, and to provide sufficient time for an audit process that is thorough and unrushed. In addition, a public audit process in itself does not mean much unless the audit includes a mechanism to evaluate the quality of projects implemented. When a project is completed, the quality of that project deserves examination during the public audit process. For all completed projects, the implementing group or contractor should be labeled with the quality of the work, thereby assisting the local body at the time of future contract awards.

In addition to making such procedural guidelines easier to understand and interpret, their legal status and the consequences of their violation should be explained in detail to encourage compliance and discourage the practice of cutting corners. The use of the local body commission to monitor all employees’ performance adds another layer of incentives. In addition, periodic orientation programs for municipal staff and officials and demand side participants such as members of WCFs, CACs, etc. would help to keep all actors up to date with changes to the procedural guidelines and further encourage compliance.

5.4 A Municipal Public Relations Strategy to Bridge the Communications Gap

While municipalities are obliged to maintain the steady delivery of services to the public, they are also accountable to the ministry that provides their block
grants. Municipalities are also under constant pressure from local political leaders and cadres, local elites, contractors, and businessmen on major issues like project selection, budget allocation, contract awards, etc. In addition to this political coercion, municipalities must deal with local criminals who extort money from project contractors, who then leave projects unfinished, burdening the public with the loss.

Municipalities are obliged to maintain informal relationships with these local stakeholders and power brokers and yield to their influence on key decisions, and because of this engagement, the public mistrusts the system. Lack of communication between the municipality and the public further exacerbates this mistrust. In order to bridge this communication gap and maintain a working relationship with the public, municipalities need to establish a well-defined public relations strategy. This strategy should focus on initiating open public deliberation of major municipal decisions such as project selection, project planning, budget allocation, contractor selection, etc. Giving the public their say in municipal decision-making would help to rebuild the working relationship between municipalities and the public.

This strategy should also emphasize proactive dissemination of municipal information through town hall meetings, broadcasting, and publications. By becoming more transparent about their affairs, municipalities would gain the public trust and confidence they need to resist the influence of local power brokers, while keeping the public informed. If municipal officials can start to make information more transparent, and use that transparency to shrink the space for political influence and pressure from interest groups, the positive impact on governance will be significant.

5.5 Allowing Sufficient Time for Public Audits after Project Completion

Although not utilized to their full potential, public audits are a critical aspect of development projects. They not only help to ascertain the quality of a completed project, but also create a record of the implementing group’s competence. Public audits should serve as the basis for final payments and a guide to the selection of implementers and beneficiaries in the future. Yet, research shows that, apart from a few exceptions, public audits have become largely pro-forma affairs, an exercise to satisfy bureaucratic appearances. Essential
procedureseven-day public notice, making sure that all stakeholders are gathered, allowing participants to freely ask questions, and making sure that their questions and concerns are addressed—are deliberately ignored. Instead, public audits are conducted with as little publicity as possible, in the presence of a small group of individuals who have collusive ties to municipal officials and the contractor or user committee. In extreme cases, project beneficiaries have been warned not to ask any probing questions during the audit.

Public audits are mandatory for projects above a certain threshold cost, and should be conducted before final payment to the contractor or user committee is approved. The fiscal year for municipalities ends in the month of Ashadh, when municipalities are required to have spent their allocated budget. Contractors and user committees are well aware of this requirement, and use it to avoid scrutiny by submitting payment requests late in the fiscal year when municipalities are in a rush to spend their budgets.

These problems with public audits can be dealt with. First, the audit process should be revised to include a section that evaluates the quality of the completed project. Second, last-minute payment requests should not be allowed. Requests for payment should allow sufficient time for a thorough compliance check and final project approval. Third, performance reviews of municipal staff should include review of their project oversight and public audit responsibilities, giving them the incentive to perform these essential functions responsibly.

5.6 Information Dissemination as Part of Municipal Public Relations

Among the various social accountability tools studied, RTI was found to have significant impact, especially on the demand side, as became evident from the number of RTI requests filed by both RTI activists and the general public in the participating municipalities, and the resulting changes in proactive information disclosure. The impact of RTI can be attributed in part to its low cost and its ease of use, even by a single individual.

RTI also has a remarkable effect on the supply side of local governance. After municipal EOs and information officers were trained in RTI, municipal staff were more positive and cooperative in addressing RTI requests. RTI requests
Challenges and Opportunities in Municipal Governance

are now formally registered, and the information is delivered in written form, a significant departure from the past, when RTI requests would be treated informally and incomplete information would be provided, often verbally and unofficially. Abuses documented in this report, such as unsettled advance payments and fuel funds being given to political party representatives, were corrected as a direct result of RTI requests filed at the subject municipalities.

However, RTI effectiveness is still far from perfect, as requests related to financial information such as budget allocations, project expenses, payments, etc. are received with resistance and addressed reluctantly and incompletely. Proactive dissemination of information to the public is one of the central themes of the public relations strategy recommended above. It should also include systematic record-keeping and an established procedure to document and respond to RTI requests. Proactive information dissemination should make use of modern platforms such as websites, electronic notice boards, email notifications, print, radio, and television, to name a few.

5.7 A Capital Improvement Plan for All Local Bodies

There is an overall issue of timing in the process of planning, implementing, and evaluating development projects. It is envisioned that by the month of Poush, all ward-level plans will be gathered and incorporated, through the 14-step planning process, into a local body one-year plan. Following the release of funds from the district, projects are to be ready for implementation by Bhadra of the following year. In reality, however, this schedule is rarely met, mainly because plans are not prepared in a timely fashion. Implementation is pushed back, often further delayed by the monsoon rain. Late project completion, towards the end of the fiscal year, further stresses already stretched municipal capacity, limiting their ability to perform a public audit. Failing to meet deadlines means that the implementing partners do not receive final payment, and the municipality loses MC/PM points in their performance evaluations, affecting their block grants from the central government. In addition, it is a common cry among local bodies that budget allocations from the district do not follow the local councils’ adopted plans. Instead, the available budget in each category is divided among the local bodies, providing sums too small for the successful completion of planned projects, and allocate funding where no project has been requested or envisioned locally.
The Planning Commission has directed all local bodies to develop five-year, periodic plans, with annual plans based on them. MoFALD has established guidelines for long-range planning. Current efforts are focused exclusively on periodic district plans. Most local bodies, however, are not complying with the directives of the Planning Commission. Instead, the annual plans are being carried out on a stand-alone basis through the 14-step planning process.

The one-year plan, with a line item budget from the central government, undermines the local government’s capacity and reduces the incentive to find its own resources. A multi-year approach would allow local governments to plan beyond the first year and encourage them to search for additional resources to implement subsequent years of the plan. Adoption of the multi-year periodic plan should be made a requirement in the MC/PM, and the fragmentation of budget allocations beyond the threshold where meaningful projects become impossible should be disallowed. The long-range plan should layout programs and projects well into the future with the use of capital improvement plans (CIP) that identify the resources for all planned activities. The planning process should be systematically reviewed at least once every two to three years. The projects nominated through the ward-level participatory planning process should be vetted through a local body process and recorded as plan components. Prioritization based on urgency or available resources should determine their inclusion in a specific year of the CIP. A multi-year, long-range plan with a CIP would have the following advantages:

- Shorten the yearly budget planning process, allowing this time to be used for planning implementation, and allowing projects to be completed in time for public audits;
- Improve the participatory planning process by allowing projects not accepted in the first year to be reconsidered for subsequent years, making the planning process fairer and encouraging increased participation;
- Improve the transparency of the planning process and discourage political representatives and local elites from hijacking the budget, by giving the public advance notice of multi-year plan components;
- Help the local bodies identify critical projects for funding from the central government, and assist in locating and acquiring the additional funds necessary for other projects in the long-range plan. This approach not only promotes better use of available funds, but also allows local bodies to function as truly self-governing bodies by encouraging them to be creative with revenue generation.
- Allow the timely fulfillment of plan components and the targeting of funds for true community needs, which could also be used as indicators
for tracking the performance of local bodies and their key personnel, such as EOs.

5.8 Granting Legal and Incentive-Based Authority to Public Interest Organizations

Lack of vigilance by public interest organizations has given the municipalities *carte blanche* to function without public oversight. There is also a dearth of smart, educated, and, more importantly, independent individuals in civic organizations to keep watch over municipalities’ decisions and activities. Lack of incentives or legal status for organizations such as WCFs and CACs is one of the key reasons for the lack of demand side participation and activism on the issues of municipal governance. The established procedural guidelines for municipalities also contain no binding obligation to include public interest organizations in the municipal decision-making process. Although ward-level plans are formulated and sent to the local body council for adoption, it is not uncommon for the intensely coordinated participatory planning process to go to waste as a result of political and elite budget hijacking. During the plan adoption process or even the district level budget allocation process, carefully formulated plans are often discarded, to be replaced by the pet projects of an influential few, making a mockery of public participation and leaving important projects undone.

If public interest groups were compensated for their time and effort, given appropriate legal standing and authority, and provided with capacity building on RTIs, public audits, and compliance matters, it would catalyze demand side participation. The incentives provided to the community come through the actions and successes of the public interest groups, and their performance could be monitored with indicators and standards similar to the MC/PM applicable to the local bodies. Performance against those indicators would have to have consequences for budget allocation or project selection to be effective. As a result, increased vigilance on the issues of local governance could be anticipated as well as accounted for. Currently, these public interest groups are represented at critical meetings merely as a formality. They are often invited to consult, but rarely invited when critical decisions are made. For example, social mobilizers from CACs and WCF members are regularly
invited to the participatory planning meetings, but rarely to the plan adoption and budget allocation meetings. With no legal standing, they have no basis for persuading public officials to rethink their decisions. But with appropriate legal standing, public interest organizations would operate under the close watch of the community, and their continuation would be tied to their level of effort.

**Concluding Remark**

This effort is only the most recent by The Asia Foundation to work with a variety of local partners to explore the ground-level realities that are currently shaping local governance in Nepal. We have applied a political economy lens, and approached the question of performance from various angles, including effectiveness in delivering projects and services, public perceptions, compliance with required accountability processes, and levels of transparency and participation. This report is the latest in a growing body of studies, extending far beyond the work of the Foundation, contributing to an enhanced understanding of the challenges and opportunities facing local governance in Nepal.

In general, it is clear that the deficiencies in local governance are having a significant negative effect on development across Nepal. Local development projects and public services are being poorly targeted, underfunded, and poorly implemented at the current rate of investment by the Government of Nepal and international donors. This malaise cannot simply be attributed to the growing pains of a country at low levels of development that is still suffering from underdeveloped institutions and weak capacities, and no simple or comprehensive answers are available.

The recommendations in this report offer starting points to increase transparency and accountability and adjust the negative culture of local development throughout the country, but these are only first steps. Long-term investment will be needed to turn around local governance in Nepal, and fundamental shifts will be required in how support is provided. Doubling down on social accountability tools already introduced is not alone an effective strategy: Nepal is now in need of a more balanced approach. Generating greater demand for accountability or building capacity to recognize the absence of good governance will only lead to further disillusionment, frustration, and fatigue unless it is coupled with efforts to generate greater accountability and establish more effective incentive structures inside the government as well.

Good governance must be viewed as a co-produced public good or a symbiotic system that requires both engaged and informed citizens and a government
able to respond accordingly and manage itself more effectively. The frustration of working in an under performing governance structure is understandable, but efforts to push the responsibility for creating effective accountability mechanisms out of government into civil society are inherently unbalanced. Starting to correct this course now, even before local elections do take place, is a critical need that will require patience, creativity, and strong partnerships to move ahead. There are certainly clear signs of commitment from the government, a growing level of frustration among citizens, and increasing clarity about some of the underlying problems in the system. We can also say that the number of administrators, local bodies, and other who are performing at a high level is growing. Seizing this momentum to introduce more lasting structural changes and improvements will not be easy, nor solutions linear, but delays in tackling these challenges head on will only result in further entrenchment of the harmful practices that do exist.
Challenges and Opportunities in Municipal Governance

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