

Health  
Agriculture  
Livestock Food  
Education  
Irrigation  
Sanitation  
Social Security  
Cooperatives  
Electricity

स्थानीय तहको सेवा सञ्चालन तथा व्यवस्थापन सम्बन्धी आदेश, २०७४

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LOCAL GOVERNANCE ACT 2074 (2017)  
KEY HIGHLIGHTS

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## INTRODUCTION

Nepal promulgated its first Local Self Governance Act (LSGA) in 1999, which gave a comprehensive list of functions like establishing local self-development plans, providing and maintaining infrastructure and social development and also collecting their own revenue to the levels below the District Development Committee and Village Development Committee. Under this act the framework for functional assignment was determined by the national government and the District Development Committees, municipalities and VDCs were working as sub national governments. Under the LSGA 1999, there were several uncertainties over sharing of power and authority between different governing units.

Over the past one and half decade, there has been no elected representation at local government bodies or local service providers. Despite democratic changes taking place there has been low accountability and service delivery at the local level. Fresh elections were hence needed to make the local government more accountable and to improve service delivery.

## MOVING INTO THE FEDERAL CONTEXT

The new Constitution of Nepal 2015 involves provisions for local government institutions and has reorganised the local governments as rural municipalities and municipalities. The constitution provides a space for local government institutions and the constitution has also recognised the local governments and also endows them with sufficient mandates and competencies. In the new federal context, there are now three levels of government i.e. federal, provincial and local.

The existing role of the District Development Committee has been transformed with the revised name as District Coordination Committee. Major authorities and roles of the previous DDC has now been transferred to the rural municipalities and municipalities. In the federal context, some functions such as secondary education, health, agriculture and other local services have been assigned to the local bodies with the basic principle that functions should be assigned to the lowest level of government.

There are numerous advantages of democratically-elected local governments. Some of the advantages include improved governance, enhanced development and citizen's participation. In addition, it also has several other benefits such as increased legitimacy, effectiveness in over sighting public expenditures, improved services, engaged public for democratic governance, among others. Furthermore, an increase in the geographical size and area of the local body will have significant implications in the manner and the reach of the services provided at the local level. Federalism ensures division of power

clearly stated in the constitution. Some advantages and disadvantages of adopting to the Federal system in Nepal are:<sup>1</sup>

- It ensures that government remains close to the people as they are more in tune with the daily needs and aspirations of people from small and isolated places
- It encourages development of the nation in a decentralized and regional manner and allows for unique and innovative methods for tackling social, economic and political problems
- It provides a barrier to the dominance of the majority

Under the federal system, if the state government is found to be ineffective and unsuccessful or when national emergency is declared the federal government controls and directs the respective states until another appropriate arrangement is made.

## FEATURES

In the federal system, when the state government is responsible is responsible for local affairs and the central of the federal government is responsible for external defense, national policies, foreign affairs and military mobilisation, among others. Under the federal system, the features of the central government and state governments are as follows;<sup>2</sup>

### FEATURES OF FEDERAL (CENTRAL) GOVERNMENT

- Foreign Affairs
- National monetary policy
- National security and military management
- National highway, railway, postal service
- Big hydro power, multi-provincial projects

### FEATURES OF PROVINCIAL (STATE) GOVERNMENT

- Formulate state policies and laws
- Mobilise state security force and maintain public security
- Carry out local development activities
- Construct development infrastructures
- Preserve, language, art, culture and other heritage

## LOCAL GOVERNANCE SERVICE DELIVERY ACT 2074 (2017)

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<sup>1</sup> Federalism: its Advantages and Disadvantages, Political and Government Systems, BPS Politics, Link: <https://bpspolitics.wordpress.com/2007/02/11/97/>

<sup>2</sup> The Federal System of Government in Nepal, ImNepal.com, Link: <http://www.imnepal.com/federal-system-government-nepal/>

Nepal recently introduced its new Local Governance Service Delivery Act which defines the roles, responsibilities and authorities of the local governments. Some of the provisions entailing the authority and responsibilities of the local government concerning the areas of health, education, water and sanitation, electricity, agriculture and irrigation, poverty alleviation, livestock, food security and social security are as follows:

## **ROLES AND RESPONSIBILITIES AND AUTHORITY OF MUNICIPALITIES AND RURAL MUNICIPALITIES**

### **BASIC AND SECONDARY EDUCATION**

1. Policies, laws, criteria, plan development, implementation and regulation on basic child education and school education, non-formal education, open and alternative continuous learning, learning in Nepali language and special education.
2. Establishment, allowing permission for establishment, operations, management and regulation of institutional, community, guthi and private basic and secondary level schools
3. Caring for and management of schools under the rural municipality or municipality
4. Conducting programmes related to adult education and informal education
5. Approval and regulation of schools that provide education in Nepali
6. Approval and regulation of non-profit schools
7. Property management of merged/integrated and closed schools
8. Creation and management of village and urban education committee
9. Creation of school management committee
10. Conducting programmes related to community learning
11. Development of plans, facilitating conduction, giving permission and regulating technology related education and business/commercial trainings
12. Course development and educational material's supply management
13. Management of school teachers and staff management
14. Mapping, approval, adjustment and regulation of schools
15. Educational infrastructure construction and repair/maintenance
16. Conduction and management of basic level examinations
17. Testing students learning achievements
18. Motivating students and scholarship management
19. Permitting and regulating educational consultancy services
20. Preservation, promotion localization of knowledge, skills and technology at local level
21. Conduction and management of local libraries and auditoriums
22. Coordination and regulation of educational programmes up to the secondary level

### **BASIC HEALTH AND SANITATION**

1. Implementation and regulation of policies, laws, criteria and development of plans on basic health and sanitation

2. Conduction and promotion of basic health services
  3. Establishment and operation of hospitals and other health institutions
  4. Health service related physical infrastructure development and management
  5. Control and regulation of healthy drinking water, quality food products and sound pollution
  6. Increasing awareness on sanitation
  7. Determination and regulation of service charge for healthy waste collection, recycling, processing and disposal
  8. Blood circulation service and local/urban health service conduction
  9. Coordination, collaboration and partnership with private and non-government sectors for sanitation and healthy waste management
  10. Regulating chemical and harmful wastes management
  11. Reproductive health, family planning and maternal child welfare
  12. Establishing services in order to minimise, control and prevent current particulate and protein deficiency related malnutrition among women and children
  13. Establishment and regulation of pharmacies
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### **AGRICULTURAL ROADS AND IRRIGATION**

1. Local, rural and agricultural roads and irrigation related policy, law, criteria and development of plans, implementation and regulation of these roads.
  2. Local, rural and agricultural road, temporary or permanent bridges, irrigation and embankment related master plan development, implementation and upgrading, plan identification, study, implementation, regular repair, maintenance and regulation
  3. Cost determination and management of collection funds on operation, repair and maintenance of Local level small surface and underground irrigation system
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### **AGRICULTURE, LIVESTOCK, FOOD AND COOPERATIVES**

1. Local level policies, laws, criteria construction, planning, implementation and regulation in agriculture and livestock farming, agricultural production management and animal health
2. Market related information, market construction, small irrigation construction, training, technology promotion, technical support, agricultural equipment supply and farmer capacity development programme's operation and regulation on agriculture and livestock farming.
3. Controlling epidemics and effects of natural disasters on agriculture and livestock
4. Livestock treatment and healing service management
5. Preservation of agricultural environment and preservation and promotion bio-diversity
6. Development and management in animal genetic improvements
7. Promotion, development and marketing of high priced agricultural products
8. Local level grazing development and management
9. Preservation and promotion of indigenous crops and livestock
10. Quality regulation on animal fodder
11. Livestock related statistics management and information mechanism
12. Management and regulation of animal slaughterhouse and cold storage
13. Simplification of insurance and loans on livestock

14. Studies and research related to agriculture and livestock at the local level
15. Livestock farming and animal other health related activities
16. Monitoring and Regulation of food and drink items
17. Regulation and monitoring of hotels, restaurants, bars, and lodges

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### **AGRICULTURAL PROMOTION MANAGEMENT, OPERATION AND CONTROL**

1. Local policies, laws, criteria, planning, implementation and regulation of agricultural promotion
2. Promotion and human resource projection, management and mobilisation
3. Increasing farmers capacity, technological services, support, skill development and empowerment
4. Supply, use and regulation of agricultural seeds, fertilizers, chemical and medicines
5. Preservation and promotion of indigenous seeds
6. Farmer groups, agricultural cooperatives and agricultural related local organization's coordination, management and regulation
7. Preservation and handover of agriculture related technologies at the local level
8. Promotion of agriculture related information
9. Development and management of resource centers at the local level

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### **DRINKING WATER, SMALL HYDROPOWER PROJECTS, ALTERNATIVE ENERGY**

1. Local drinking water related policies, law, criteria, planning, implementation and regulation
2. Drinking water cost control and management of drinking water services

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### **HEALTH**

1. Health related target and quality control at the local level to be based upon federal and state Level targets and criteria
2. Local level clinic registration, giving permission for operation and regulation of general hospitals, nursing homes, diagnosis centers and other health institutions
3. Local level production, treatment and distribution of traditional herbs and other medicinal items
4. Management of health insurance along with other social security programmes
5. Minimum price determination and its regulation on medicines and other medical items at the local level
6. Right use of medicines and medicines and Antimicrobial Resistance minimisation at the local level
7. Purchase, warehousing and distribution of medicines and health equipment at the local level
8. Health information mechanism to be established at the local levels
9. Public health surveillance at the local level
10. Local level promotion of health services along with counteractive, medicinal, re-establishment of health services and palliative health service operation
11. Promoting healthy lifestyle, nutrition, physical exercise, yoga, to stay healthy by following 5 healthy habits and promotion of public health services
12. Control and management of zoonotic and pathogenic diseases
13. Control the use of and increasing awareness on tobacco, alcohol and other drugs

14. Promotion and management of ayurvedic, homeopathy, natural healing methods along with other traditional treatment services.
15. Planning and implementation for public health, emergency health services along with control of epidemics
16. Prevention and control of disease
17. Management of emergency health services flow and local services

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## **ELECTRICITY, DRINKING WATER AND IRRIGATION SERVICES**

1. Electricity distribution system and service management
2. Drinking water price control and drinking water service management
3. Local level small surface and underground irrigation system operation and repair/maintenance, service charge determination and collection related management

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## **SOCIAL SECURITY AND POVERTY ALLEVIATION**

1. Local policies, laws, criteria and regulation for improving social security and alleviating poverty
2. Social security related studies, research and reporting
3. Local plans and programmes, resource mobilisation and management related to target groups
4. Coordination and collaboration with the federal, state and local unions for the implementation of social security
5. Statistics and information management related to social security
6. Local survey, information management and regulation for identification of poor households
7. Local social security planning and management

## **CONCLUSION**

Successful implementation of local governance structure and functions could potentially play important role in establishing, advancing and institutionalising local democracy in Nepal. The unitary system of government has been practiced in Nepal for a long time and without much effectiveness. It was evident that promulgation of LSGA in 1999 had been inadequate to embrace the autonomous local governance in Nepal. Hence, Nepal recently formulated the Local Governance Service Delivery Act which moves the governance system in Nepal from a centralised to more functional decentralised system of local governance. This is necessary to expedite development activities and ensure the participation of the people.

The system of local governance requires prior preparation and planning in the new federal set up. Issues like infrastructure development and human resource development need to be accorded top priority under federalism. More attention and energy needs to be directed towards developing competent human resource through trainings and

capacity building activities. The federalist structure also promotes competition within the provinces and opens up avenues for growth and development. Inclusiveness, gender and social equity issues also get prioritisation with greater focus on address local development agendas.

Nepal has introduced its new Local Governance Service Delivery Act which also has several challenges. Budget disbursement can be a major challenge because now it will become harder to allocate and disburse budget in a timely manner to multiple layered and widely dispersed local authorities. The chances of delay in decision making, programme implementation, planning and resource allocation could be an issue with lack of prior experience and expertise. Successful implementation of the Act needs to be rigorously supported with planning, technical assistance and better clarity between the local agencies and the central government. Moreover, timely and effective monitoring and evaluation of several fragmented local authorities and agencies is another major challenge under the new federal context.

Despite these challenges, federalism poses great opportunities for local development and the visions, plans and policies set forward in this Act can be only materialised with greater ownership and commitment of all concerned stakeholders - local bodies, civil society and media, community and general public.