Country experiences in decentralization in South Asia

Report of the subregional workshop
Kathmandu, Nepal
24 to 26 February 2004
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# Table of contents

**Report of the subregional workshop on country experiences in decentralization in South Asia, Kathmandu, Nepal**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Objectives of the workshop</td>
<td>1</td>
</tr>
<tr>
<td>Summary of proceedings</td>
<td>2</td>
</tr>
<tr>
<td>Summary of presentations</td>
<td>3</td>
</tr>
<tr>
<td>Conclusions and recommendations</td>
<td>6</td>
</tr>
</tbody>
</table>

**Edited country papers**

**Bangladesh**

1. Role and experience of local government in Bangladesh 9

**India**

2. Decentralized rural local governance – the Indian experience 15
3. Decentralization experience in India’s Kerala State 21
4. Local self-governance and local development in India: challenges ahead 25

**Nepal**

5. Capacity building for participatory local planning and empowerment of rural women and rural poor through decentralization in Nepal 29
6. The present status of decentralization in Nepal 37
7. Local governments in Nepal: reappraising provisions for empowering vulnerable rural poor 43
8. Role and experience of local governments in financial resource mobilization in Nepal 47
9. Development of cooperatives in Nepal 53

**Pakistan**

10. Role and experience of local governments in empowering communities and financial resources mobilization in Pakistan 55

**Sri Lanka**

11. Devolution in Sri Lanka 63
12. Agriculture development strategies in support of decentralization in Sri Lanka 67

**Regional**

13. Decentralization in CIRDAP member countries: experiences and issues 73
14. Country experiences in decentralization in South Asia 79
15. FAO rural development priorities in Asia and the Pacific 83
Report of the subregional workshop on country experiences in decentralization in South Asia
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Introduction

The subregional workshop on country experiences in decentralization in South Asia was organized by the FAO Regional Office for Asia and the Pacific jointly with the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) in Kathmandu, Nepal, from 24 to 26 February 2004. Senior government officials and representatives of non-governmental organizations (NGOs) from Bangladesh, India, Nepal, Pakistan and Sri Lanka, with FAO and CIRDAP representatives, participated in the meeting which was held at the Local Development Training Academy (LDTA) in Lalitpur, Kathmandu. (The list of participants and resource persons is given in Appendix I.) The workshop included a field visit to a DDC (district development committee) at Lalitpur.

Objectives of the workshop

1) To provide a forum for senior policy makers, NGOs and donor agencies from South Asian countries to share national experiences, take stock of decentralization measures being implemented in the region and to suggest further action.

2) To strengthen strategic partnerships among all stakeholders for capacity-building on decentralized planning in support of national initiatives on decentralization for poverty and hunger reduction.

3) To formulate recommendations for CIRDAP members and FAO for a regional assessment of decentralization and to strengthen linkages and activities related to decentralization and poverty alleviation.

Issues for discussion

- How to synergize the decentralization process with the overall objectives of sustainable agricultural and rural development (SARD) in the region.
- How to strengthen partnership-building efforts for better implementation of decentralization as a tool for poverty and hunger reduction in South Asia.
- How FAO and CIRDAP can support the decentralization process with capacity-building for natural resource management and improved access to social and production support services for enterprise development by the rural poor.
- What is the role and experience of local governments in financial resource mobilization, promotion of livelihoods and income from farm and non-farm activities?
Summary of proceedings

Welcome statement

Welcoming the participants, N.B. Khadka, Acting Executive Director, Local Development Training Academy (LDTA), Nepal, said the meeting provided an opportunity to make a valuable contribution to the strengthening of the decentralization process in South Asia.

Mazu Tsurumi, FAO Representative, Nepal, expressed thanks to the South Asian country delegates for their participation in the workshop. The issues to be taken up by the workshop are closely related to the achievement of FAO’s goals and priorities, he said.

Inaugural address

In his inaugural address, H.E. Kamal Thapa, Minister for Local Development, Government of the Kingdom of Nepal, said that the workshop theme was very important and timely. The key issue facing governments in the region is ensuring sustainability of development while meeting the aspirations of the masses. The answer lies in decentralization, the minister said.

In Nepal, 4,000 VDCs (village development committees) and 75 DDCs (district development committees) have taken decision-making closer to the people. The government was now transferring the management of primary schools and primary health units to local communities and had already found sufficient improvement in the management of these institutions. A committee had been set up to identify capacity-building needs to strengthen financial autonomy of local government institutions, Mr Thapa said.

The government realised that poverty reduction programmes could not be effective without building capacity of the rural poor for resource management, planning, implementation and monitoring of development programmes and projects. He expressed his best wishes to the workshop.

Outline of objectives and expected outputs

Wim Polman, Rural Development Officer of the FAO Regional Office for Asia and the Pacific, outlined the objectives and expected outputs of the workshop. The workshop provided a unique opportunity for discussing how decentralization can work for poverty and hunger reduction in the region and should focus on strategies to achieve the FAO World Food Summit (WFS) and United Nations Millennium Development (MD) goal to reduce poverty and hunger by half by the year 2015. This would enable identification of priority areas for support to capacity-building of stakeholders and coalition-building, through bilateral and multilateral cooperation. CIRDAP and LDTA provide a platform to facilitate future work on this topic, he said.

He emphasised the need for reorienting government line ministries to bring decentralization issues to the fore and link these with the objectives for hunger reduction and sustainable agricultural development.
Keynote address

In his keynote address, Mya Maung, Director General, CIRDAP spoke about the Centre’s close collaboration with the FAO Regional Office for Asia and the Pacific for awareness and capacity-building on decentralization issues and the FAO/MD goals for hunger and poverty reduction in the region. CIRDAP-FAO workshops on the topic have been held in India to develop A handbook for trainers on participatory local development for India’s three million elected village councilors, a third of them women, and local government officials.

According to World Bank estimates, South Asia is home to 40 percent of the 1.3 billion poor people in the world. While a number of targeted programmes for livelihood and income generation have been implemented in the region, the achievements have been limited, highlighting the need for participatory approaches involving the poor. In this context, human resource development and capacity-building of people’s organizations and local governments have become essential.

In Sri Lanka, decentralization towards subregional levels and local participation in planning and development interventions have significantly enriched social development programmes, he pointed out. More than 80 percent of the country’s population has adequate access to basic sanitation, compared to 53 percent in Bangladesh, 31 percent in India, 27 percent in Nepal and 61 percent in Pakistan. Sri Lanka also has the lowest infant mortality rate of 20 per thousand live births against 68 in Bangladesh, 66 in India, 72 in Nepal and 85 in Pakistan.

The crucial issues in the decentralization process in South Asia are a) local resource mobilization by local governments, private and civil society organizations, and b) capacity-building for effective participatory planning, promotion of employment and income generation activities by local governments.

Address by the chairperson

Khem Raj Nepal, Secretary, Ministry of Local Development, Government of Nepal, said devolution in his country had been implemented in the basic health, basic education, agriculture extension and rural infrastructure sectors. Nepal’s positive political commitment to decentralization was supported, among others, by the provision in the Local Self-Government Act of the Decentralization Implementation Monitoring Committee chaired by the Prime Minister; proactive policies on decentralization in the Tenth Plan which include finalization of a road map for fiscal decentralization and preparation of the Local Bodies Service Commission. The recent decision on revenue sharing would enhance the financial capability of the local bodies in the country.

Vote of thanks

B. Sudhakar Rao, Head, Training, CIRDAP, proposed a vote of thanks at the end of the inaugural session.

Summary of presentations

The workshop attempted to evaluate the decentralization process in five South Asian countries in terms of political commitment, delegation of functions and local bodies’ access to resources.

Bangladesh
The 1972 Constitution provided the basis for the devolution of powers to local government bodies which were entrusted with local administration and development responsibilities. Women have been given “equal rights with men in all spheres of the State and public life”

However, local governments lack adequate financial resources for the development of basic rural infrastructure. There is a need to improve the resource base of local government institutions through sharing of tax and non-tax revenue, and provision of grants and other development assistance by the central government. Local government bodies also need support for building their management capacities. Public-private partnerships have to be promoted for local development.

A national consensus is needed on the goals, objectives and tools of decentralization. To be effective, decentralization should be supported with enabling policies and participatory monitoring. Legislation on decentralization should be strengthened for enhanced participation of women and other weaker social sections.

India

The 73rd Amendment of the Indian Constitution installed village-based *Panahayati Raj* institutions as the country’s third level of governance after the central and state governments. About three million councilors, nearly a third of them women, have been elected to over 260,000 *Gram Panchayats* at village level, 6,500 *Panchayat Samitis* at sub-district level and 500 *Zilla Parishads* at the apex district level.

The constitutional sanction to *Panchayati Raj* has raised expectations and aspirations. *Panchayat* elections have disproved the myth that rural women are uninterested in public life. There is near unanimity among village women that they would have been unable to get into these bodies were it not for statutory representation. Significantly, about 40 percent of women *panchayat* members belong to marginalized groups.

*Panchayats* face impediments to discharging their responsibilities, the primary being an inadequate resource base. *Panchayati Raj* representatives and nearly a million local government officials assigned or closely connected with the *panchayat* bodies also need capacity-building training.

Nepal

The Local Self-Governance Act (LSGA), 1999 and Local Self-Governance Regulations (LSGR), 2000 provide the framework for decentralization. Policies and legislation are in place to encourage local participation through local government institutions, NGOs, self-help groups such as users’ committees, community organizations and women’s groups.

Local bodies are becoming increasingly involved in local service provision and users’ groups in the management of local resources and services. Thousands of user groups have been given authority to manage local forests.

Decentralized governance has produced positive impacts in terms of people’s participation in governance, poverty reduction, empowerment of women and weaker social groups, and involvement of non-governmental organizations and the private sector in delivery of social and production services.
Local people have been able to solve individual as well as community problems on their own. The number of women in leadership roles in community-based activities is increasing. The provision for representation of women in local governance has made about 40 000 women local government representatives.

Although the LSGA has devolved authority to local bodies, central line agencies are reluctant to put this in practice. Local bodies continue to be treated as subordinate agents of local development rather than autonomous units of local self-governance.

**Pakistan**

In 2001, a three-tier federated local government system was set up in every district of the country as an integral part of provincial governments. The local government system integrates rural with urban local governments and the bureaucracy with the local governments so that the district administration and police are answerable to the elected head of the district government.

Women, peasants, workers and minorities have been given representation at each level of local government. Citizen Community Boards provide a mechanism for motivating and involving the local community in local development. The local government system has been implemented in all the four provinces of Pakistan and direct elections have been held to fill more than 120 000 Union Council seats.

Decentralization has made the district and *tehsil* (sub-district) the hub of all development and service delivery activities. The head of the district government is an elected representative and not a bureaucrat. While the new system provides for more responsiveness and accountability, the process of establishing supporting institutions is slow which is affecting service delivery. Yet, local revenue mobilization is insufficient for the sustainability of the local government bodies and comprehensive capacity-building is required for local government institutions.

**Sri Lanka**

Major devolution legislation was enacted in 1987 in the form of the 13th Amendment to the Constitution and the Provincial Councils Act No. 42.

Recent studies of the devolution process in Sri Lanka have found shortcomings in the structure and working of decentralized governance in the country. Social and economic indicators strongly suggest that decentralization has not been effective in reducing inter-regional income and social development disparities.

The main reason is the lack of sufficient political will at the centre and an inadequately developed legal framework which have made the system unwieldy and ineffective with high "transaction costs".

This is reflected in the insufficient delegation of powers from the centre to the provinces and from the provinces to local authorities. There is also insufficient utilization of existing technical and management capacities.

**Conclusions and recommendations**

The following observations were made during the group discussions:
United Nations and FAO support to decentralization has generally focused on government line ministries. However, insufficient attention has been given so far to the need for decentralization of its functions/responsibilities by the Ministry of Agriculture and Cooperatives which is the core line ministry for sustainable agriculture and rural development and thus for poverty reduction and food security in rural areas.

Many UN/donor-funded projects promoting micro-enterprise development in rural areas are independent of FAO as technical agency for agriculture and rural development. As a result, many opportunities for enhanced impact on rural poor as farmers and users of natural resources are missed out. This should be a priority issue for UN coordination in poverty reduction policies and programs.

The two groups made the following recommendations.

**Group 1**

**Political will**
Considering that decentralization is a *sine-qua-non* for the eradication of poverty and hunger in this region, it is essential to have a strong political commitment for decentralized governance.

**Legislation**
- Functional clarity and demarcation between line ministries, local bodies, civil society organizations as well as different layers of local bodies and other stakeholders including NGO's.
- Demarcation between obligatory and optional functions.
- Legislation for borrowing money from financial institutions.
- Clear provisions for inter-governmental transfers like sharing of revenue and tax proceeds.
- Clear legislation for common property resources.
- Provision for social audit.
- Criteria for grant, matching grant, incentive grant
- Sustainability in the flow of funds.

**Institutional**
- Good personnel system for local bodies – for assessment and collection of taxes.
- Tax payers’ committee.
- Good record system.

**Collaborative issues**
- Collaboration with civil society and private sector in planning/programme formulation.
- Incentive for tax payers, private sector and local bodies for service delivery.

**Punitive measures**
- Defaulters/tax evaders.
- Local bodies which do not maintain and make public records.
- Publishing names of good tax payers and defaulters.

**Capacity-building systems and procedures**
- Establishment of systems – manuals, guidelines, direction.
- Networking and partnership.
- Openness and transparency.
Country experiences in decentralization in South Asia

- Timely dissemination of information.
- Right to access information through the use of information technology.

**Human resource development**
- Training need assessment.
- Basic course on training and orientation.
- Specialized courses for skills development.
- Delivery of quality and participatory training.
- Cascading of training.
- Networking, partnership – coalition building.
- Sustainable funding.
- Exposure visits – local/national/international.
- Monitoring evaluation and feedback.
- Sustainability.
- Community empowerment process – local government vs knowledge base through participatory approach.

1. **Local government role in employment generation**
2. **Enhancement of local government capacity for sustainable resources management**
3. **Role of local government in empowering women, disabled and indigenous people**
   (1, 2 and 3 are overlapping and interrelated)
   - Use and maintenance of common property resources (CPR).
   - Equity in the application of CPR.
   - Redistribution of resources earned by community forestry groups (Nepal).
   - Transfers of CPR to local governments ensuring that marginalized groups have equal access and control over CPR.
   - Management of agricultural resources by local governments by capacity-building of associations of user groups, cooperatives and marginalized people.
   - The poorest and marginalized must be involved in local government decision-making for creating local infrastructure.
   - Regularization and handing over encroached common land to local governments.
   - Promote competitive environment among local bodies for promotion of rural small-scale enterprises.

**Group-2**

These recommendations are complementary and efforts have been made not to repeat those already made during the presentation of country reports.

**Financial resource mobilization**
- Increased share of national resources for local bodies.
- Direct assignment of taxes.
- Formula-based distribution of available resources among local body levels.
- Reduction in regional disparities/provision of subsidy to poorer regions.
- Reduction in administrative expenditure.
- Community participation with matching contribution.
- Capacity-building for efficient tax collection and account keeping.
- Action – central/state governments.

**Capacity-building for participatory local planning**
- Formulation of national action plan.
- Financial/technical assistance from international/regional organizations and bilateral donors.
Country experiences in decentralization in South Asia

- Identification of training needs.
- Identification of local resource persons.
- Utilization of existing institutional facilities/infrastructure.
- Partnership with political parties and local NGOs.
- Action – national/state governments.

Promotion of income/employment generation
- Partnership with financial development institutions.
- Planning/implementation of income/employment generation schemes.
- Identification of key sectors/potential schemes and arranging backward-forward linkages.
- Skills development.
- Establishment of sales/service outlets.
- Weekly/monthly bazaars/markets.
- Revival and support to indigenous technologies.
- Development of cooperative enterprises.
- Access to marketing and related information.

Sustainable natural resources management
- Assignment of public land to rural poor for productive use.
- Enforcement of religious/legal propriety rights of women.
- Watershed management.
- Joint/community forest management.
- Investment of local revenue for natural resource management.
- Capacity building.

Empowering women and marginalized groups
- Ensuring benefits from national health, education and employment facilities.
- Political participation at all levels.
- Social mobilization and shunning cultural/social prejudices.
- Targeted schemes/projects.
- Formation of self-help groups.

Recommendations for FAO

1. Comprehensive study of decentralization in the Asia-Pacific region in the context of sustainable agriculture and rural development (SARD). Study should also focus on extent of decentralization as measured in terms of
   a) direct elections to different layers of local administration;
   b) representation of women and weaker sections in local bodies;
   c) local government expenditure;
   d) investment in rural infrastructural development.

2. Development of a resource centre and data bank on various aspects of decentralization/SARD in the region. Development of IT capacities within CIRDAP focal points in each country.

3. TCA field programme development in collaboration with RAPS Rural Development Section and facilitation of inputs in FAOR Country Framework formulation.
Edited country papers

Role and experience of local government in Bangladesh

Mustafizur Rahman, Joint Secretary (Dev.), Ministry of LGRD, Bangladesh
Bimal Kumar Kundu, Director, BARD, Bangladesh

The evolution of local government functions

The origin of the institution of local government in its present form in Bangladesh can be traced to the period of British rule in the subcontinent. Local government institutions were initially developed to maintain law and order in the rural areas. By the time of independence and partition of India in 1947, both tiers of local government—the Union and District Boards—had become fully elective. Several Union Board chairmen had been elected to the District Boards, some even to the Bengal Legislature showing how local government institutions could play an important role in training peoples’ representatives for higher political responsibilities.

Rural local government in Bangladesh has the following tiers

– **Zila Parishad** (district council) at the apex.
– **Upazila Parishad** (Sub district council) at the intermediate level.
– **Union Parishad** (union council) at the lowest level Each union is divided into wards and each ward is composed of villages.

In the past, the union parishad had about 37 compulsory functions and a similar number of optional functions but without sufficient autonomy to plan and implement projects. It was not considered necessary to give sufficient funds to local bodies because development projects were mainly prepared by the central government and union parishads were responsible mainly for helping implement the centrally prepared projects in their areas.

Even under the upazila system when, for the first time, responsibility for preparing five-year plans for each upazila was given to the sub-district councils, the plans had to be approved by the central government. There were also restrictions on the parishads’ use of funds provided by the central government. Moreover, the central government had always retained control over local government representatives through the Ministry of Local Government which could dismiss local government representatives on a number of grounds. There was, therefore, a need for clearly defining the powers of local government institutions for the preparation of development plans and utilizing government funds.

Constitutional and legal basis of local government in Bangladesh

The 1972 Constitution provided the legal basis and powers of local government bodies. According to Article 59 of the Constitution

(1) Local government in every administrative unit of the Republic shall be entrusted to bodies composed of persons elected in accordance with law.

(2) Every body such as, is referred to in clause (1) shall, subject to this Constitution and any other law, perform within the appropriate
Country experiences in decentralization in South Asia

administrative unit, such functions as shall be prescribed by Act of Parliament, which may include functions relating to –
(a) administration and the work of public officers;
(b) the maintenance of public order; and
(c) the preparation and implementation of plans relating to public services and economic development.

Representation of women in local bodies

Article 28(2) of the Constitution of Bangladesh gives women “equal rights with men in all spheres of the State and public life” and Clause 29(1) states: “There shall be equality of opportunity of office in the service of the Republic.”

Constraints to local level resource mobilization

The actual demand for physical and social infrastructure at the local level (union, thana and district) far exceeds the availability of financial resources from local tax and non-tax income as well as the annual grants from the government. A renewed local level resource mobilization strategy, therefore, requires a two-pronged approach that
1. recasts sources of tax and non-tax revenue for different strata of local government, and
2. redefines the basis for government block grants and other development funds to local governments.

A revised scheme for improving the revenue income of the union parishad could include the following in the five main revenue categories:

- **TAXES**
  - Chowkidari tax and tax on households.
  - Share of land transfer tax.
  - Entertainment tax on theatres, exhibitions, etc
- **FEES**
  - Fees for providing certificates and other services.
  - License fees on professions/trade.
  - Fees for registration of marriage/divorce.
  - Fees from NGOs seeking union parishad services or assistance in project implementation.
- **PROPERTY INCOME**
  - Income from hats/bazaars.
  - A 75 percent-share of income from ponds of less than 3 acres, the rest going to the centre.
- **MISCELLANEOUS**
  - Share of income from sairat mahals (Water, Sand, and Stones).

Constraints to social mobilization and poverty alleviation through decentralization

Democratize decentralization supported by social mobilization is a powerful tool for poverty alleviation. However, it faces the following constraints in Bangladesh:
1. Decentralization is generally seen as a threat by politicians.
2. Local government institutions lack the necessary financial and human resources.
3. Local-level management capacities are inadequate.
4. Gaps between resource needs and availability.
5. There is a need for public-private partnership covering gaps in projects and activities; a legal framework for public-private partnership is needed.

6. Upazila parishads have a well-defined delivery system, but lack of resources and management skills makes it ineffective.

7. The union parishad as the lowest tier of rural local government needs an improved service delivery mechanism.

The following recommendations can be made to address these constraints:

– Need for national consensus on decentralization goals, objectives, tools, resources, legislation and capacity-building at all levels.
– Support decentralization with participatory monitoring and enabling policies.
– Capacity-building of national and local institutions.
– Promote good and accountable governance. (Participatory planning/social audit)

Role of local governments in poverty reduction in rural areas

1. Promotion of rural income and livelihood opportunities

The main avenue for income and livelihood generation is through local infrastructure development which provides seasonal wage employment. The Local Government Engineering Department (LGED) under the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives, is responsible for the following infrastructure development activities:

   a) construction of rural and feeder roads;
   b) construction of bridges and culverts;
   c) development of growth centres and rural markets;
   d) small-scale water resource schemes;
   e) tree plantation on road slopes and embankments;
   f) routine maintenance of roads;
   g) construction of school and office buildings, residential quarters and cyclone shelters.

In implementing these tasks, the LGED

– directly involves landless groups in infrastructure development works;
– eliminates intermediaries such as contractors;
– ensures fair wages to the landless.

The infrastructure development projects and activities of the LGED help create both short-term (seasonal) employment opportunities for the rural poor through construction work and regular employment through maintenance activities.

2. Improving access of rural poor to productive resources and building capacities for sustainable local resources management

The LGED has carried out a number of donor development projects with the participation of local people in the planning, implementation, operation and maintenance of the schemes. Emphasis is given to women’s participation at all levels and in all stages of the activities.
3. **Empowering women, indigenous people, the disabled and other vulnerable rural poor**

Local government institutions are responsible for implementing a variety of central government programmes and projects such as:

(a) community-based services for poor women and children, disabled and indigenous people, aged, other marginal most vulnerable rural poor;
(b) agro-based rural development programme for women;
(c) self-reliance programme for rural women;
(d) vocational training of women for population activities;
(e) day care services for children of working women;
(f) technologies for rural employment with special reference to women;
(g) rural women employment creation project;
(h) integrated programme for women’s participation in income generation activities and legal assistance.

The main thrust of all these projects is to integrate women in the development process through socio-economic activities to increase productivity and raise their living standards.

**Proposed steps to strengthen the capacity of local governments**

1. Strengthen legislation on decentralization to ensure better participation of women and disadvantaged groups.
2. Government should encourage local government institutions to develop partnerships and networks among themselves.
3. A Local Government Commission may be set up to safeguard the functions of local government and to monitor their performance.

**Serajganj local government development project**

The project, funded by UN agencies and bilateral donors, aims to promote increased participation of local people in local development issues; enhance the technical and managerial capacity of the union parishad leadership and foster transparency and accountability in local governance. The objectives of the five-year project started in July 1999, include the provision of infrastructure and socio-economic services to alleviate poverty and help build the capacity of elected local government institutions in Serajganj District which has 2.5 million people living in nine flood-prone upazilas and 81 unions.

**Major project inputs**

1. Training of union parishad members on their roles and responsibilities and on technical matters.
2. Provision of support to the union parishads in revenue-generating activities.
3. Provision of block grants to the local bodies to undertake small infrastructure construction work that encourages participation of local people and promotes socio-economic development.
4. Training and social mobilization to enhance gender equality.
5. Support to develop monitoring system of the Local Government Division.
Country experiences in decentralization in South Asia

Expected outputs

1. Increased people’s participation and interest in local governance.
2. Change in the perceptions of the intended role of the union parishad chair and members; also change people’s perception about alternative ways of getting things done.
3. Poverty alleviation.
4. A gender sensitive governance system.
5. Improved monitoring and information by the Local Government Division.

Findings:

1. Local governance improved through ‘extra’ responsibility/authority and improved capacity imparted to union parishad members by the project.
2. Increased women’s awareness through their participation in project activities is likely to have the most enduring effect.
3. A cohesive project team with NGO and government experiences is a very strong aspect of the project.

The achievements of the project are largely dependent on the cooperation of local district and upazila administrations – which has so far remained positive but informal. Formalization of the relationship might be necessary for the future.
Decentralized rural local governance - the Indian experience

S K Singh, Head, Centre for Panchayati Raj, National Institute of Rural Development, India

The 73rd Amendment to the Constitution of India in 1992 mandated the establishment of a three-tier system of elected panchayats (councils) with the Gram (village) Panchayat at the lowest level, Panchayat Samitis at intermediate block level and Zilla Parishad at the apex district level. The panchayats are responsible for planning and implementing economic development and social justice schemes including those in relation to matters listed by the 73rd Amendment Act in its 11th Schedule. All states have enacted new laws or modified existing legislation in conformity with the 73rd Amendment. About 250,000 Gram Panchayats, 6,500 Panchayat Samitis and 500 Zilla Parishads have been duly elected.

Salient features of the 73rd Constitution Amendment

Continuity: The panchayat is elected for a five-year-term. Fresh elections must be held before the expiry of the term or within six months of dissolution of the body.

Gram Sabha: All registered voters in a village within the area of the Gram Panchayat, form the Gram Sabha which is a grassroots forum for discussing local needs and reviewing the working of the elected Gram Panchayat.

Reservation of seats: Besides reservation of seats for Scheduled Castes (SCs) and Scheduled Tribes (STs) on the basis of proportional representation, one-third of panchayat seats are set aside for women, including SC/ST. The offices of panchayat chairpersons are also similarly reserved for SC/ST and women.

Financial resources: An independent Finance Commission at the state level is to review and make recommendations once every five years for a sound financial base for the panchayats.

Operational constraints

There are many impediments affecting the functioning of the panchayats in several States with regard to structure, electoral process, rotation of reserved seats, devolution of powers, functions, control over local bodies and financial dependence.

Gram Sabha

Although meant to be a pivot of Panchayati Raj, the Gram Sabha has been sidelined in many cases. For participation in the Gram Sabha to be meaningful, it should meet periodically and not be too large a gathering. The 73rd Constitution Amendment does not make an explicit provision for this. Moreover, if a village panchayat covers more than one village, people from other villages either do not attend the Gram Sabha meeting or are reluctant to articulate their needs. Unless each village has a Gram Sabha of its own, the purpose of accountability may not be served, especially when the village panchayat has a large population.

Structure

While the panchayat at the district level is co-terminus with the administrative district, the jurisdiction of panchayats at village and intermediate level has not been specified.
and has to be notified by the state. Determining an adequate area for a unit of administration is quite complex due to unevenness in terms of economic resources, communication facilities, population density, level of social integration, civic commitments, etc.

Reservation of seats
This has resulted in administrative and practical problems in some states with instances of the governing party not having even a single elected representative from the SC/ST or women category, when the chairperson’s post was reserved for that category.

The rotation of reserved seats both SC/ST and for women among different constituencies in a panchayat has also posed practical difficulties. In other words, such rotation should take place at the end of every five years. If so, no SC/ST or women member will get the opportunity of occupying the same seat for a second term once the reservation is removed.

Financial autonomy
State legislatures have to enact laws to authorize panchayats to levy and collect taxes, duties, fees etc. (to raise resources), but these powers are vested with the Gram Panchayat in all states whereas other tiers have very limited financial powers.

A large-scale study conducted by the National Institute of Rural Development on functional and financial devolution to Panchayati Raj institutions in 20 states of India found a lack of commendable performance by the Panchayats in internal revenue mobilization. The majority of taxes assigned, particularly to the village panchayas, are not buoyant. In most states, except perhaps the tax on buildings and lands, several other taxes are unutilized because these are either economically less productive or politically less-feasible or cumbersome to administer.

The Panchayati Raj institutions also do not seem to have taken any initiative for resource mobilisation from existing revenue sources, for which they alone cannot be held responsible. Indian rural local governments are handicapped by the excessive control by state governments of their financial matters.

Relationship with bureaucracy
A review of the provisions in the states’ laws on panchayats reveals continuing strong bureaucratic control over the village councils. Even where direct bureaucratic control is not visible, the panchayats are placed in such a position that they need bureaucratic approvals. A pertinent question arises whether the 73rd Constitution Amendment Act should have added a fourth ‘Local List’ defining Panchayati Raj powers to the Central, State and Concurrent Lists in the Constitution that demarcate Centre and State jurisdictions.

Besides bureaucratic resistance to working within the panchayat system, it is observed that politicians at state level are not positive towards panchayats.

Inadequate local leadership capability
Panchayat leaders, especially women, illiterates and dalits need capacity-building support for governance.
Positive aspects

Improved functioning of government social welfare schemes

In many places, panchayat meetings are being held regularly. Identification of beneficiaries through the Gram Sabha and Gram Panchayat is increasing. As a result, the delivery of services under government social welfare schemes such as the national old age pension, the national family benefit and national maternity benefit schemes has become more equitable.

Empowerment of women

The first election to panchayats after the 73\textsuperscript{rd} Constitution Amendment brought nearly one million women into rural local self-government institutions. There is a near unanimous feeling amongst the women that they would have been unable to get into these bodies were it not for statutory representation.

Significantly, about 40 percent of the women elected to the panchayats are from the socially marginalized sections. However, the position of panchayat chairperson is generally occupied by women from the economically better off sections of rural society. Studies in the three largest states - Uttar Pradesh, Madhya Pradesh and Rajasthan – which rank among the lowest in social and economic performance with approximately one-third of India’s rural poor, show that about 70 percent of the elected women were illiterate or could barely read or write.

Kamala Mahato, Bandoan, West Bengal State

Kamala Mahato is the elected head of the panchayat in Bandoan, a village of tribal and non-tribal people, most of them being farm labourers. To overcome acute water scarcity in the village, Ms Mahato had 10 tubewells dug in the village. She arranged loans under a government rural livelihood programme which enabled village women to start profitable poultry, dairy and livestock enterprises.

A sizeable proportion of the elected women had no previous political experience. The women representatives were generally supported by their families during the elections and in performing their new political roles. While women representatives from marginalized groups like the Scheduled Castes and Tribes felt they were representing group interests in the political arena, women from the better off social sections saw their election as helping to consolidate their positions.

The apprehension that because of their lack of basic education and previous political experience, the elected women would be manipulated by men has largely been disproved. Nevertheless, there have been some instances of men using the women representatives of their families as proxies, but these are more the exceptions than the rule. Indeed, the number of “no confidence” motions against elected women representatives, particularly from marginalized groups, has gone up precisely because they refused to compromise with the powerful sections of rural community.

Chamund Village, Haryana State

No one in this village of 1 200 people now goes to the police with a complaint as all contentious issues are resolved by the Gram Panchayat. Almost every child and girl in the village attends school. The Panchayat has used grants of over Rs 350,000 to build roads, a village school, dispensary, drains and other development works.
**Fatima Bi, Kalva Village, Andhra Pradesh State**

An ordinary housewife who could not read or write, Fatima Bi, elected Gram Panchayat head to a seat reserved for women in this village, has won the United Nations Development Programme (UNDP) Race Against Poverty Award from the Asia-Pacific region for her remarkable work as village council leader. Inspired in her new role by the angry, social justice-seeking heroine in a highly popular Andhra film, Ms Fatima began organizing women for developing the village.

Kalva soon had a metal road, a new school building and check dams. She initiated a Rs 200 000 scheme to dig a five kilometer irrigation canal and clear about 200 hectares of fallow land for paddy cultivation. On Ms Fatima’s encouragement, the women began saving a small amount of money every month and within a year, 40 thrift groups with 300 women members had saved Rs 200 000. Impressed by this, the UNDP granted Rs 1.2 million as an interest–free loan to the Village Development Organization in Kalva. Managed by a committee of representatives of women’s self-help groups, the village organization has Rs 2.0 million and loans granted by it have helped many families to start small rural enterprises. The enterprising women of Kalva have now started helping neighbouring villages with loans. Once poor and backward, Kalva now stands out as a well-to-do village with happy faces all around and modern amenities in almost all houses.

Many male administrators acknowledge that tremendous social energy has been released with the political participation of rural women who prefer to take up community issues rather than problems affecting a few individuals. Significantly, cases of corruption reported have become rare. The resulting awareness has generated a growing desire for education among rural women, particularly for girls so that next generation panchayat leaders are better equipped for their responsibilities.

The entry of women in public life has long-term implications for gender equity. Some change in the role of men within the rural family has been observed when women go to attend panchayat meetings. While the presence of women in Panchayati Raj institutions is still to make a dent in the rural power structure, elected women are engaged in power struggles once dominated by men.

**Shakila, Kerala State**

A Scheduled Caste woman in a low-income village household in Kerala State, Shakila stayed at home after passing her pre-degree examination. On the urging of a friend, she joined a women’s savings and self-help group. Here Shakila met Leela who persuaded her to contest the election for the president of the village panchayat as the seat was reserved for Scheduled Castes. Initially, Shakila’s father vehemently objected to this, but eventually yielded to pressure from the village women to let his daughter contest. Shakila also got support from a political party and won the election along with Leela.

As panchayat head, Shakila took some remarkable initiatives. She began meeting several women AIDS patients in the village who were ostracized by the community and even their own families. She also supported the children of AIDS patients. Her example was followed by many social workers and slowly these children were accepted by the community. Shakila organized AIDS awareness camps for the village.

However, Shakila had to face opposition in her work from her father and brothers who did not approve of her irregular work hours and travel to distant places. She faced sexual harassment from her male colleagues who even began spreading rumours about her personal life. The support of the women panchayat members helped her a lot, but Leela has lost all confidence and will not contest panchayat elections again.
Capacity building

The National Institute of Rural Development (NIRD) has developed a training needs assessment and training design for capacity-building of Panchayati Raj functionaries, both elected and officials who need technical, managerial, administrative and human/behavioural capabilities. The first involves basic technical knowledge of different subjects such as laws relating to panchayats and resource management. Managerial and administrative capabilities include mobilization of resources, coordination, monitoring and supervision. They also need behavioural capabilities to deal with officials and villagers, generate team spirit and resolve conflicts.

The training needs will vary from state to state and must be assessed at state and district levels. However, the following core issues are common.

- Understanding that panchayats are local self-government institutions and not arms for implementing state government work.
- Envisaging the primary task of Panchayati Raj institutions as planning and implementing schemes for economic development and social justice.
- Recognizing the village community’s right to participate in panchayat decisions.
- Need for establishing vertical linkages between different panchayat tiers.
- Right of panchayats to link activities of different sectoral departments.

Target group

The training target group comprises an estimated 2.7 million elected panchayat representatives and 927 500 officials assigned or closely connected with the Panchayati Raj institutions.

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<th>Training target group</th>
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<tr>
<td>Level</td>
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<tr>
<td>District Level</td>
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<td>Block Level</td>
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<td>Village Level</td>
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<td>Total</td>
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It is also proposed to train 100 Master Trainers from all over the country, who in turn will form teams to train about 2 500 other trainers across the country with an average of five trainers for each district.

References


Country experiences in decentralization in South Asia


**Richard C. Crook & Allan Sturla Sverrisson.** 1999. *To what extent can decentralized forms of government enhance the development of pro-poor policies and improve poverty alleviation outcomes?*

**Santosh Mehrotra.** 2001. *Democracy, decentralization and access to basic services: an elaboration on Sen’s capability approach.***


India’s southwestern Kerala State is a good model of decentralization of state functions, and participatory planning and decision-making at the grassroots level.

Devolution of powers

Kerala transferred most development functions to local governments in 1995. Among others:
- local governments supervise all health institutions except medical colleges;
- high schools in rural areas have been transferred to the district panchayats and primary/secondary schools placed under village panchayats;
- all centrally sponsored anti-poverty programmes are planned and implemented by Panchayati Raj institutions;
- except statutory functions relating to juvenile justice, all social welfare functions are with local governments;
- panchayats have a key role in the development of agriculture and allied sectors, rural off-farm and non-farm jobs/enterprises and rural infrastructure.

Fiscal decentralization

Of all states in India, Kerala has seen the highest devolution of finances to local governments, with Rs 14,381 million or 37.72 percent of the State Budget transferred during 2002-03. About 90 percent of Plan funds are given in a practically untied form to local governments to prepare and implement their own schemes. At least 40 percent of this is to be invested in productive sectors, 10 percent is earmarked for gender-sensitive schemes and not more than 30 percent to be used for road construction and maintenance.

People’s campaign for planning in Kerala

The People’s Campaign was a historical event in the development of the decentralization and planning process in the state. Its main objective was to enable Panchayati Raj institutions to prepare and prioritize a shelf of integrated schemes in a scientific and participatory manner for incorporation in the State’s Ninth Five-Year Plan. The campaign was divided into phases, each beginning with the training of voluntary workers, officials and people’s representatives at different levels.

The first step in the planning process was to conduct gram sabha meetings to identify and prioritize village-level development issues. Discussions were organized in 12 development sectors and facilitated by trained resource persons.

The second step was preparation of the gram panchayat development report by 12 committees set up by the village panchayat, each committee dealing with one development sector. The report for each sector was then discussed during a seminar at the gram panchayat level. Based on the discussions, 12 task forces of experts, officials and voluntary workers were set up to review programmes in each sector. The proposals made by the task forces were then prioritized and formulated into projects, which were classified according to the implementing agency at panchayat, cooperative, state government or private individuals’ level.
Country experiences in decentralization in South Asia

Capacity building

The experience of the People’s Campaign has underlined the vital importance of capacity building for the success of participatory local planning.

1. In order to provide the knowledge and expertise required for participatory local planning, resource persons were identified whose services were provided on a voluntary basis. There were 660 key resource persons to be trained who, in turn, had to train 11,808 district resource persons. The key resource and district resource persons together trained about 100,000 local resource persons.

2. The participants for the capacity-building training programmes included elected members, officials, resource persons and non-official experts. Besides 14,173 elected representatives, there were 20,000 officials working directly under local bodies and 40,000 sectoral officers who were to be transferred to the local bodies. There was an urgent need to re-orient these officials to shoulder the responsibility of local-level planning within a decentralized democratic set-up.

Phases of capacity building

The training was conducted in seven rounds corresponding to each phase of the planning exercise:

- **Round 1**: organization of gram sabhas
- **Round 2**: preparation of development reports
- **Round 3**: drawing up projects
- **Round 4**: drafting plan document
- **Round 5**: integration of local plans/drafting higher tier plans
- **Round 6**: plan and project appraisal
- **Round 7**: implementation rules and procedures

Methodology

The training programmes were organised at state, district, block, panchayat/local level with different categories of participants. At the state and district levels, the training was for two to five days while at the block and panchayat level, it was for one or two days.

The method followed was lecture-cum-discussion sessions, group exercises, panel discussions, case studies and sharing of experiences by the participants. Emphasis was on self-study by participants. A hand book was prepared for every round of training with the help of experts and officials. In addition, 12 monographs on sectoral plan perspectives were prepared as a part of the second and third round. A comprehensive list and description of all current development programmes were distributed. The training material included nearly 3,000 printed pages and more than 12 hours of video programmes.

Weaknesses

There were difficulties in training task force members for the third phase in terms of conceptual clarity. Partly this was due to the difficulty of translating training concepts into the local language.
There were also difficulties relating to training for project formulation. Local bodies were involved in material production, infrastructure and services/welfare projects, but commercial ventures were rarely undertaken. Projects can also be classified as long or short term as well as on the basis of beneficiaries – whether households or larger groups. The project proposal format would therefore have to be flexible enough to accommodate all these variations. The officers who attended the training had no direct experience of project preparation. It took a month of discussion to design a project format for the campaign. Financial analysis was the weakest area in project formulation during the training. Similarly, project proposals also exaggerated the expected voluntary labour and financial or material contributions from local residents. The training focused too much on general tasks; there was not sufficient involvement of department officials and the monitoring was not adequate.

The large number of participants and their heterogeneous nature made it difficult to conduct the course effectively. The bureaucratic and hierarchical attitudes of the senior district officers made it difficult for the resource persons, most of whom were school teachers or lower-level government employees, to conduct the classes effectively.

The campaign also revealed the difficulty, in a mass training exercise, of maintaining even quality across simultaneous local training sessions taking place over a wide area.

Achievements

All gram panchayats have prepared development plans through people's participation and these have been integrated with block and district development plans. The plans have been implemented by the gram panchayats with people's participation and technical supervision by block and district officers. Schemes prepared at the block and district level, have been implemented by concerned departments.

As a result, there has been a significant improvement in the provision of basic needs. During the first two annual plans (1997-98 and 1998-99), 98 494 houses were built, 240 307 sanitary latrines constructed, 50 162 wells dug, 17 489 public taps provided, 16 563 ponds cleaned and 7 947 km of roads built. There has also been considerable improvement in the management of natural resources by local governments, particularly in the productive use of water resources.

Corruption has been reduced significantly in the selection of beneficiaries for different welfare/development programmes, in awarding construction contracts and in the purchase of raw materials.

Neighbourhood groups

In order to reduce the travel time for attending a Gram Sabha, neighbourhood groups of 40 to 50 families have been set up in selected Gram Panchayats. The representatives of these groups often constitute a ward committee which acts as the executive committee of the Gram Sabha. The neighbourhood groups provide a forum for discussing the local plan, reviewing plan implementation and selecting beneficiaries. They also help settle family disputes and supervise educational programmes for children as well as health and thrift schemes.
Country experiences in decentralization in South Asia

Empowering marginalized groups

A corps of tribal social activists has been formed from among educated tribal youth. They receive a monthly stipend of Rs 1 000 and help ensure greater participation of tribal people in the local development planning process.

Networking

Although voluntary organizations working in rural areas and Panchayati Raj institutions have similar goals, in most cases they work independently of each other. During the People's Campaign for planning it was felt necessary to rope in voluntary organizations and a provision was made to set up a Voluntary Technical Corps to assist in finalization of planning proposals by the gram sabhas.

Transparency

Documents relating to beneficiary selection, minutes of meetings, reports and all documents for works taken up by local government bodies have been made available to people on demand. At public work sites, essential information concerning implementation is displayed for public scrutiny.

References:


Local self-governance and local development in India: challenges ahead

Manoj Rai, Society for Participatory Research in Asia (PRIA), New Delhi

The Constitution of India visualizes panchayats as institutions of self-governance. However, most financial powers and authorities are to be endowed on panchayats at the discretion of state legislatures. This paper looks at the challenges ahead after a decade of decentralization in rural India following the 73rd Constitution Amendment.

Challenges

As emphasized by the “Decentralization and Devolution Panel” of the National Commission to Review the Working of the Constitution, Panchayati Raj institutions are to be viewed as institutions of local self-governance and not as mere implementers of centrally determined development programmes. Bottom-up comprehensive planning is to be the basis of self-governance and Panchayati Raj institutions should not be allowed to become the third tier of development administration.

Strengthening Panchayati Raj institutions entails clarity of their roles, systems of governance, accountability and transparency, and inter-linkages. Interventions in strengthening the panchayat system should focus on building, promoting and empowering women and socially marginalized sections to assume their new responsibilities.

Government, non-governmental organizations, academic institutions and the media should work together for
- awareness-building and sensitization on Panchayati Raj institutions, facilitating participation of the marginalised social sections and ensuring transparency and accountability in the functioning of rural local self-government bodies;
- education of voters for free, fair, peaceful and participatory panchayat elections;
- capacity building of elected representatives (specially women and Dalits) to help them discharge their roles and responsibilities in an effective way; and
- knowledge building on issues related to local self-governance and citizens’ advocacy for promoting an enabling policy environment at all levels

Genuine devolution

There is a tendency among state and union governments to promote/establish parallel institutions/delivery systems for the implementation of government programmes and schemes that undermine the role of Panchayati Raj institutions. In most states, bodies like the District Rural Development Agency are still functioning independently. Sustained efforts are needed by civil society organizations, self-help groups, media and academics to exert pressure on state and union governments for effective devolution of functions and resources to enable panchayats to become institutions of genuine local self-governance.
Public education to promote people’s participation in direct democracy

The empowerment of the *Gram Sabha* cannot be achieved merely by enacting legislation and issuing guidelines. As noted by the October 1999 report of the subgroup of the Task Force on *Panchayati Raj* set up by the Ministry of Rural Development, which dealt with empowering the *Gram Sabha*, a sustained movement should be organized to educate the people and train elected representatives and officials to internalise the *Gram Sabha*’s potential as an institution of participatory democracy.

State and central governments should earmark adequate resources for such a campaign which should be linked with other public awareness campaigns such as for population control, pulse polio, safe drinking water and AIDS prevention. Civil society organizations can make people aware of *Gram Sabha* meetings and their agenda. They can mobilize people, especially women, *dalits* and tribals to participate in these meetings, put forth their demands and hold the *panchayats* accountable for local development.

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<tr>
<th>Pre-election voters’ awareness campaign (PEVAC) and training of elected panchayat representatives</th>
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<td>The campaign was carried out by PRIA and its partners during the <em>panchayat</em> elections in Andhra Pradesh, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh, Rajasthan and Uttar Pradesh states. The main objectives of PEVAC were (i) to enhance participation in the elections, especially by women and <em>dalits</em>; (ii) to create an environment for free and fair elections; and (iii) to involve local civil society organizations in this. It also aimed to create a platform for further action by non-governmental groups to strengthen participatory democracy at the local level.</td>
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<td>The campaign began with planning and strategy meetings with partner organizations, with each partner taking responsibility for campaigning in a particular locality. The actual campaign started about 15 days before the election. The message was spread through simple publicity material and folk entertainment. Public address systems mounted on vehicles played audio and video cassettes on the roles and responsibilities of citizens as voters.</td>
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<tr>
<td>A deliberate attempt was made to involve different types of organizations, including government departments, the State Election Commission, local administration and the media. Although PEVAC was initiated by a civil society organization, at a later stage, the campaign was owned by all-citizens, civil society groups, the media and government.</td>
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<td>Impact studies by PRIA in different states have found that PEVAC was effective in educating people about their roles and responsibilities. Voting percentages were significantly enhanced in areas where the campaign was conducted. The election process was smooth in these areas and the number of dummy candidates was drastically reduced.</td>
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<td>The awareness campaign created a vibrant network of civil society and government organizations. After the <em>panchayat</em> elections, the same network was used when PRIA undertook training of the elected <em>panchayat</em> representatives. The PEVAC network is also engaged in a campaign to mobilize and strengthen participation in <em>Gram Sabha</em> meetings.</td>
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Strengthening Panchayati Raj institutions

There are about three million elected panchayat representatives at village, intermediate and district level. Of these, nearly one million are woman and more than half a million are dalits. The majority of them are illiterate and new to political life with little or no prior knowledge of the working of Panchayati Raj institutions. The rigid patriarchal structure of rural society makes it difficult for village women to contest panchayat elections and, if elected, to participate effectively in panchayat meetings. Active participation is also not easy for the socially marginalized groups.

Capacity building is a long term and gradual process and must be integrated with the functioning of the panchayats. Both government and civil society organizations are providing training for capacity building and there is need for greater collaboration between them. For example, government organizations can train district panchayat members while NGOs and other civil society groups can provide training at other levels. Government line departments should assist panchayats in the implementation of local development schemes.

The government must create space for civil society to work with Panchayati Raj institutions without affecting their legitimate position. The role of parastatals should be redefined in relation to functions transferred to panchayats and arrangements made so they can work with Panchayati Raj institutions as technical support agencies.
Capacity building for participatory local planning and empowerment of rural women and rural poor through decentralization in Nepal

Mukti Prasad Kafle, Policy Specialist, Rural Access Program

The Local Self-Governance Act (LSGA) of 1999 sets out the following goals of decentralization in Nepal:

- grassroots participatory planning by all including ethnic communities, indigenous people and socially and economically backward groups;
- balanced distribution of the fruits of development;
- strengthening governance and service delivery capacity of local bodies;
- coordinated development efforts among government, donors, non-governmental organizations, civil society and private sector;
- enhanced cost effectiveness and service efficiencies;
- development of local leadership and accountability of local bodies to local people;
- private sector participation in providing basic services for sustainable development.

The two-tier local governance system is made up of the village development committee (VDC) and the district development committee (DDC). Every VDC has nine wards, each with a five-member elected committee, including one woman member. The nearly 4,000 VDCs in the country’s 75 districts have been given the responsibility by the LSGA for implementing basic health education and sanitation programmes, running primary schools and literacy classes as well as community health centres. The local bodies carry out most of their activities through user groups, community-based organizations and community organizations.

Empowerment of women and pro-poor governance

The LSGA provides for representation of women and disadvantaged groups in local governance bodies. There are about 40,000 women members of local government bodies. The number of women in leadership roles in rural community activities is increasing. Similarly, women's participation in local-level planning and decision-making is also increasing.

With the formation of female and mixed community organizations, rural women are actively participating in the planning, implementation as well as management of local development programmes and projects. Such changes have also transformed the role of rural women within the home. Once limited to household chores, they are now managing the household budget. The positive impact of women's empowerment can also be seen in reduced social problems such as gambling and alcoholism among men as well as child marriages.
Community organizations in 30 districts

Male groups: 2,554;
Women’s groups: 2,345
Mixed groups: 2,024.

Members in COs

Source: Annual Report 2002, LGP.

Civil society and private sector participation

Non-governmental organizations and the private sector are getting increasingly involved in the provision of basic services. The LSGA allows local bodies to work in partnership with NGOs and the private sector. All government and/or semi-government agencies engaged in development activities have involved NGOs in programme implementation.

The involvement of NGOs has given momentum to social mobilization by creating self-help organizations and community women’s groups engaged in activities ranging from savings/credit to forest management.
Village development programme

The Village Development Programme (VDP) works for poverty reduction by forming community organizations (COs). The programme aims to support local communities and local governments in institutionalizing community organizations as self-governing and self-sustaining institutions to facilitate participatory development.

The social mobilization process has five stages:
– formation
– graduation
– entrepreneurial development
– implementing productive activities
– linkage with other institutions/organizations

The Local Development Fund (LDF) is the executing agency for the implementation of the VDP. The fund facilitates and helps COs to mobilize and manage resources for development activities. It organizes training programmes for capacity building of community members, and monitors, supervises and evaluates the development process. On becoming self-reliant grassroots institutions, the COs start expanding links with line agencies, banks and other institutions.

The Village Development Programme has produced the following positive impacts:

• active participation of the local people in development activities in their area;
• rural people are generating capital through weekly saving schemes and have initiated several income generating activities;
• COs are mobilizing both internal and external resources for local development;
• COs are becoming self-governing and self-reliant institutions;
• increasing participation of women in planning, implementation and management of development programmes and projects;
• women are actively campaigning to reduce social evils;
• active participation of community members has generated a spirit of healthy competition for initiating local development activities;
• encouraged rural communities to make themselves heard by authorities.

Women sway majority in their favour

The people of Kurumche village in Nibuwakharka VDC of Syangja district formed themselves into a mixed community organization. While making community-level plans for infrastructure development, they had to prioritize their needs because of resource constraints. The men wanted a farm irrigation scheme, but this was not acceptable to women who said drinking water was more important. The issue was debated for months and finally, the women’s priority was accepted. There have been similar instances of women asserting their needs in other villages, for example, opting for biogas plants above irrigation schemes and succeeding in obtaining a majority in favour of their preference.

Country experiences in decentralization in South Asia

**Federation to be reckoned with**

The Federation of Community Forest Users (FECOFUN) comprising of more than 4,500 forest user groups in 63 districts of Nepal is effectively protecting interests of the rural poor who depend on the country’s forests for food and livelihood security. Thus, when the government prepared a forest management plan for a district without consulting local government bodies or forest user groups and contracted an international agency to manage the project, FECOFUN began an awareness campaign to sensitize local communities and the government. Under pressure, the government initiated a local consultation process which led to a change in the original plan and the cancellation of the contract.

In another case, the Department of Forestry and FECOFUN worked together to revise the prevailing Forestry Act. In particular, both agreed upon two particular clauses. However, these were not included in the proposal tabled in the national parliament. As a result of FECOFUN’s lobbying with lawmakers, the proposed act was sent back for revision.


**Awareness pays**

On receiving a NRs 65,000 grant for an irrigation scheme, the members of the Langkhoriya community organization in Daraun VDC of Syangja district, committed themselves to being accountable for any misappropriation of the funds. The money was handed over to the rural technician who was sent to buy construction material, but returned empty-handed and told the villagers that the payment had to be made in advance.

However, the material did not arrive and for a while, the villagers were unable to recover the money from the technician. Reminded of their commitment when the time for repayment came a year later, the villagers mobilized all community organizations in the VDC to recover the funds, which were finally restored with 18 percent interest. A new technician was appointed who did the work in 6 months.


**Farmers no longer in clutches of loan sharks**

Before the launch of the village development programme in Dhodhari VDC of Bardiya district, local farmers used to borrow from local moneylenders at steep rates of interest. They pledged the growing crops as collateral on the basis of the price fixed by the moneylenders, which was less than half the real price.

The VDP intervention has enabled the villagers to mobilize their savings to meet their credit needs. In addition, they can also get funds from the LDF. They no longer have to sell their crops before the harvest at a much lower price.

Source: Annual Report 2002, LGP.

**Village woman becomes entrepreneur**

Alaichi Karki has become a rural entrepreneur thanks to the village development programme launched in her village Sabitra in Devitar district, which led to the formation of a savings/credit group. Ms Karki bought two goats with a loan from the group. She sold them after six months to repay the loan and still had a profit of NRs 4,500. With the profit she bought more goats and they now have a market value NRs 10,000.
Country experiences in decentralization in South Asia

She could not even have thought of starting a business before the village development programme because this would have meant borrowing from the village moneylenders at a very high interest rate. She now plans to diversify her business into vegetable farming.

Source: Annual Report 2002, LGP.

Assessment of decentralization experience

Organizational structure

The number of representatives is too high compared to local government revenue. More than 90 percent of the VDCs and 25 percent of DDCs depend entirely on government grants to pay salaries of employees and elected officials. Several local government bodies are spending more on unproductive activities than on human resource development and poverty reduction.

Management

There is a high turnover of staff. The government has not yet formulated legislation for local service. As more tasks and responsibilities are devolved to local bodies, there will be a greater need for competent staff. The absence of a road map for decentralization poses a great risk of failure in the devolution process.

Efficiency

There is weak coordination at all levels, particularly between local bodies and line agencies due to a number of factors such as the central government command structure, overlapping functions between local governments and line agencies and sectoral budgetary allocation outside the local government framework. Participation of civil society, NGOs and the private sector in local government planning and service delivery is weak and uncoordinated. Civil society organizations such as users' groups and NGOs often become the tools of the local elite. However, where social mobilization in VDCs is promoted by community organizations, the programming and negotiating capacity of local societies have increased.

Access, equity and empowerment

Rural women and weaker social sections such as dalits have inadequate access to local government resources and decision-making. Only 3 percent of elected DDC members are women. The socially marginalized groups find it difficult to contest elections to local governments because of the expenses. Although included in users' groups and community organizations, they are unable to effectively articulate their needs or make known their minds.

Fiscal capacity

Fiscal decentralization has been neglected. The current share of local governments in the national budget is less than 4 percent and declining. The financial capacity of different DDCs and VDCs varies greatly due to natural endowment and geography. But there is no mechanism for reducing disparities between poorer and richer districts. Moreover, local governments lack adequate capacity for financial management.
The LSGA provides for sharing of revenue. However, the procedures for sharing the revenue generated by tourism, forests, natural resources and electricity are still to be developed. The dependency of local bodies on state grants is growing.

Women’s empowerment and participation in development activities

The LSGA has reserved 20 percent seats in ward committee for women and at least one woman has to be nominated to the VDC and DDC. While this has made more than 40,000 women members of local bodies, no woman has so far been elected DDC chairperson. The legal provisions have only partially empowered the socially marginalized groups as upper castes tend to dominate public decision-making.

A 1994 study of seven forest users' groups in eastern Nepal found that only 23 women (3.5 percent) were heads of households. Most women members of the executive committee of these forest groups were nominated and unaware that they were participating as members of the executive committee.

Transparency and accountability

Transparency and accountability practices are weak at central and local levels of governance. Supervision, monitoring and evaluation are very weak at the central level. Narrow partisan and political biases prevail at the local level.

A number of local government bodies do not meet regularly. It is estimated that 75 percent of the ward committees neither hold a meeting nor inform the public how they have used the funds raised. Irregularities in audit reports are seldom addressed. Most VDC meetings are held without an agenda and influential members are able to push through their priorities. Local elites are able to dominate because elected officials often lack both the capacity and guidance to discharge their responsibilities.

The LSGA has specific provisions to ensure transparency and accountability in local governance such as a council for approving programmes/budgets, an obligatory requirement for local bodies to make programmes, budgets and decisions public, specific criteria for planning and priorities, and internal and external financial audit systems. Elected officials have to declare their personal assets within one month of taking office.

In the absence of clear provisions in the Constitution, the decentralized system of local governance is vulnerable to executive discretion and uncertainties. The Maoist insurgency also has disrupted the decentralization process with local government representatives being forced to resign and others abducted. Many VDC buildings, health posts, police posts, postal houses have been destroyed by the insurgents.

References


Country experiences in decentralization in South Asia


The present status of decentralization in Nepal

Nayan Bahadur Khadka, Executive Director, LDTA, Kathmandu

Introduction

Systematic efforts towards decentralization in Nepal began in the 1960s with the establishment of separate district, municipality and elected village level panchayats with the authority to make policy, implement programmes and levy taxes. The 1990 Constitution stipulates as the chief responsibility of the state, the establishment of conditions suitable to the wider participation of people in the governance of the country.

However, the Village Development Committee (VDC), Municipality and District Development Committee (DDC) Acts of 1992 did not institutionalize horizontal accountability of line agencies to local government bodies. There was inadequate coordination between line agencies and local bodies in planning and implementing programmes with duplication of tasks and responsibilities. To overcome these problems, the newly elected local bodies demanded authority over line agencies.

The recommendations of the 1996 Decentralization Coordination Committee headed by the Prime Minister formed the basis of the Local Self-Governance Act (LSGA) of 1999. The LSGA is the most comprehensive piece of legislation with far reaching consequence that Nepal has ever implemented in respect of decentralization and local governance.

SWOT analysis of decentralization in Nepal

STRENGTHS

Unified Act: The LSGA integrates three local bodies (VDCs, Municipalities and DDCs).

Division of functions: The Act has attempted a division of roles and functions between central government agencies and local bodies by devolution of a wide range of sectoral functions instead of by delegation and deconcentration.

Provision of guidelines for annual planning: DDCs must receive estimates of budget ceiling and guidelines from the central government in advance for each fiscal year.

Participatory planning: The LSGA has sought to institutionalize bottom-up participatory planning. Each level of local body has to follow the bottom-up planning approach and prepare a resource map of its own area. Each level has to prepare its periodic plan on which annual plans need to be based.

Development of information management system: The Local Governance Programme (LGP) and Rural Urban Partnership Programme (RUPP) information management system has been developed in the district and municipal area which has enhanced efficiency. Twenty two districts have prepared district profiles, 22 districts have prepared analytical resource maps and 17 districts have prepared analytical poverty maps (UNDP, 2003). These have helped the DDCs in preparing more realistic, periodic as well as annual plans of their respective areas.

Fiscal provision: Local bodies can generate their own resources, obtain grants/fiscal transfers and borrow from banks. A Local Authority Fiscal Commission is working actively. Some local bodies have become financially sound (Nepal, 2004:2).
Representation of women: One woman member is compulsorily nominated to each VDC and DDC council and at least one to each VDC executive committee, municipal board and DDC board. Likewise, one seat has to be filled by a woman through election in each VDC and municipal ward committee.

Voice to disadvantaged groups: Marginalized groups have representation in VDCs.

Local Service Commission: A Local Service Commission for local bodies.

Support of other agencies: District level government offices have to provide necessary support to local bodies, as and when necessary.

 Provision of DIMC: Provision for a Decentralization Implementation and Monitoring Committee (DIMC) to monitor and ensure implementation of LSGA in accordance with its objectives, policies and provisions.

Mobilization of COs and NGOs: Mandatory provision for local bodies to involve local communities/beneficiaries in identifying projects/programmes, implementation and maintenance of development projects. This has occurred through self-help users’ committees, community organizations (COs), women’s groups and non-governmental organizations.

Citizen chart: Forty four districts have prepared and introduced citizen charts which will enhance public confidence in the local bodies.

Mobilization of external resources: Some local bodies have been able to mobilize external resources by directly signing MOUs with donors getting government pre-approval.

WEAKNESSES

Old mindset: Central line agencies continue to regard local bodies as subordinate agents of local development rather than autonomous units of local self-governance.

Poor linkage between municipality and DDC: No functional and institutional linkages, the only link between the two being election-related. Municipality members participate in DDC elections.

Limited role of ward committee members: Ward committees lack both financial and human resources to fulfill assigned roles and functions. Many ward committees could not meet even once.

Limited institutional capabilities: Very few local bodies have been able to satisfactorily carry out the given tasks, particularly the VDC which is the focal point for decentralization. The VDC has only a secretary and a technical assistant. Some VDCs do not even have a secretary.

Planning overlap: The planning processes of local bodies and government line agencies often overlap.

Limited revenue capacity: The LSGA authorises local bodies to impose and collect taxes, service charges and fees. However, revenue generation by local government bodies is inadequate and they depend largely on grant.

Lack of grant criteria: Grants are distributed equally to all VDCs irrespective of their size, population and development status.

Partisan politics: Executive members in almost all the local government bodies represent more than one party and partisan political interests influence the functioning of the local bodies. In some cases, conflicting interests have stalled the functioning of local bodies. Partisan political affiliations also affect the relation of local bodies with the central government if the latter is formed by a rival political party.
Country experiences in decentralization in South Asia

Status of local civil service: There has been little progress towards setting up a local development-oriented civil service accountable to local bodies as required by the LSGA.

Unsuitable nomenclature: The designation of local bodies as committees does not convey their true role as focal institutions for local self-governance. It is not easy to make people understand what these committees stand for.

Contradicting laws: Several laws are at variance with LSGA provisions, creating obstacles for local bodies in their work.

Too many units: There are too many VDCs and DDCs. The determination of territorial jurisdictions of local bodies is not scientific.

Programme priorities: Most local bodies are focusing on infrastructure development rather than income generation and poverty reduction.

Governance: Local bodies, especially VDCs have not been effective in terms of inclusion and participation at local level in governance. Utilization of financial resources is also inadequate.

Functioning of DIMC: The DIMC was set up to monitor the implementation of the LSGA. Very active in the beginning, it needs to regain the earlier momentum.

OPPORTUNITIES

Favourable international environment: Multilateral and bilateral development agencies are giving priority to decentralization issues.

Competitive political environment: Political parties and the intelligentsia are in favour of decentralization and local self-governance.

Representation in national assembly: The provision for the election of 15 local body representatives to the National Assembly enables local governments to voice their concerns/interests at apex national level.

Development of local leadership: Local bodies can be training grounds for developing political leadership.

Local civil service: The provision for a local civil service can help in attracting professionals to local bodies.

THREATS

Lack of constitutional provision: There is no constitutional provision for local self-governance, which is mandated only by the LSGA that can be changed by a simple parliamentary majority.

Political violence: The Maoist insurgency has adversely affected the functioning of local bodies.

Political culture: The centralized political culture impedes the process of decentralization.

Parliamentary constituency development fund: The constituency development fund for members of Parliament goes against the principle of local self-governance. In some districts, this fund was more than the grant to the district.

Regional administration: Regional Administration Offices functioning as deconcentrated units of the central government can conflict with and contradict the role of local bodies.
Government policy/strategy and programme

The poverty reduction strategy is based on four pillars: high and broad-based economic growth; focus on the rural economy; human resource development through effective delivery of basic social services and economic infrastructure; and inclusion of the poor and marginalized. The main strategies being adopted to achieve these objectives include:

- devolution of basic service delivery function;
- capacity building of local bodies;
- decentralization of certain revenue functions.

Capacity-building needs of local bodies

Local bodies need capacity development in the following areas:

- Strategic management.
- Participatory planning and management.
- Financial management.
- Information management system.
- Leadership development.
- Organizational development.
- Project monitoring and evaluation.
- Orientation on LSGA and decentralization.
- Gender and development.
- Political awareness and leadership development for elected and nominated women representatives.
- Conflict management and negotiation skills.
- Office management.
- Partnership building with civil society and business sector.
- Facilitation skills.

The Tenth Plan set a target to train 1,200 DDC officials, 50,000 VDC officials, and 1,500 municipality officials in the first and second years after the election. In the case of the VDC, there is provision for the establishment of an information system, a computerized accounting system, social mobilization, and self-employment programmes.

The Local Development Training Academy (LDTA) was established in 1993 with the mission of enhancing managerial and administrative capabilities of local bodies. Over the years, LDTA has developed a number of training packages and trained thousands of local representatives and employees of local bodies. Donor agencies are also supporting capacity development of local bodies in Nepal in core areas.
Country experiences in decentralization in South Asia

<table>
<thead>
<tr>
<th>Training package</th>
<th>Recipients</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation on LSGA</td>
<td>DDC representatives/employees/Line agency officials/Municipal representatives/employees.</td>
<td>2-day</td>
</tr>
<tr>
<td>DDC planning process</td>
<td>DDC representatives/employees</td>
<td>5-day</td>
</tr>
<tr>
<td>District HRD</td>
<td>DDC representatives/employees</td>
<td>5-day</td>
</tr>
<tr>
<td>Participatory planning process</td>
<td>DDC &amp; Municipality employees/DDC Partner NGOs</td>
<td>10-day</td>
</tr>
<tr>
<td>Development of district facilitators</td>
<td>District people</td>
<td>6-week</td>
</tr>
<tr>
<td>VDC planning process</td>
<td>VDC representatives/secretary</td>
<td>7-day</td>
</tr>
<tr>
<td>Local governance</td>
<td>VDC representatives/secretary</td>
<td>4-day</td>
</tr>
<tr>
<td>VDC account</td>
<td>VDC secretary</td>
<td>7-day</td>
</tr>
<tr>
<td>Political awareness and leadership development</td>
<td>Elected/nominated women representatives at village level</td>
<td>6-day</td>
</tr>
<tr>
<td>VDC management</td>
<td>VDC secretary</td>
<td>5 weeks</td>
</tr>
<tr>
<td>VDC planning &amp; account management</td>
<td>VDC secretary</td>
<td>11-day</td>
</tr>
</tbody>
</table>

**Conclusion**

It is often said that the LSGA has devolved powers and functions to local bodies for which they are not prepared. The first and the foremost challenge for effective local governance is enhancing the capabilities of local bodies. This requires coordinated efforts among local bodies, government, donors, NGOs and training centres.

Moreover, local body autonomy is greatly restricted by the dependence on central grants and local government institutions need technical support for mobilizing internal/own resources. It is equally important for the central bureaucracy to change its mindset and the political leadership at the central level to have trust in local bodies. Elections to local bodies could not be held due to the Maoist insurgency which has set back the process of decentralization.

**References**


Local governments in Nepal: reappraising provisions for empowering vulnerable rural poor

Sant Bahadur Gurung, Vice Chairperson, National Foundation for Development of Indigenous Nationalities, Kathmandu

Mukti Rijal, Institute of Governance and Development (IGD)

Marginal groups

Nepal is a multicultural society with different ethnic groups and religions. The three broad civilization traditions are Tibeto-Burman in the northern mountains, Indo-Gangetic in the southern Terai plains and a mix of the two in the middle hills (Shrestha, 2000). A 1996 government task force on Indigenous communities of Nepal identified 61 distinct Janjatis (ethnic groups) which do not fall under the Hindu hierarchical caste structure and have their own language, religion and traditions.

Among the indigenous groups, only the Newars have an average income that is above the national poverty level. Others like the Gurungs (45 percent), Tharu (48 percent), Rai (56 percent), Magar (58 percent), Tamang (58 percent) and Limbu (71 percent) live mostly below the poverty line.

Apart from the ethnic groups, approximately 15 percent of Nepal’s 23 million people belong to the untouchable castes (Dalits). Dalit settlements have not received adequate priority from development projects. Untouchables are also under-represented in public institutions.

Rural women in Nepal have lower levels of literacy compared to men, lack property rights and assets, have limited decision-making roles, and work longer hours per day (Uprety, 2003).

It is estimated that approximately 12 percent of Nepal’s population suffers from various types of disability. The Maoist insurgency has physically disabled thousands of people and hundreds of thousands of people are internally displaced.

Constitutional protection

Article 11 (3) of the Constitution of Nepal maintains that special provision may be made by law for the protection and advancement of women, children, the aged, the physically or mentally incapacitated or those who belong to an economically, socially or educationally backward class.

The Constitution also bans untouchability. Article 11(4) prevents the state from denying access to any public place or depriving any person of the use of public utilities on the basis of his or her caste (Dhungel, Adhikari, Bhandari & Murgatroyd, 1998).

The Local Self-Governance Act, 1999 reserves 20 percent seats for women in local bodies especially at the ward committee level.
Country experiences in decentralization in South Asia

**Women’s participation in local government:**

<table>
<thead>
<tr>
<th>Local bodies</th>
<th>Total representatives</th>
<th>Women representatives</th>
<th>Women’s share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districts Councils</td>
<td>10 000</td>
<td>150</td>
<td>1.5</td>
</tr>
<tr>
<td>District Development Committees</td>
<td>1 117</td>
<td>75</td>
<td>6.7</td>
</tr>
<tr>
<td>Municipalities</td>
<td>4 146</td>
<td>806</td>
<td>19.5</td>
</tr>
<tr>
<td>Village Development Committees</td>
<td>50 857</td>
<td>3 913</td>
<td>7.7</td>
</tr>
<tr>
<td>Village Councils</td>
<td>183 865</td>
<td>3 913</td>
<td>2.1</td>
</tr>
<tr>
<td>Ward Committees</td>
<td>176 031</td>
<td>35 208</td>
<td>20.0</td>
</tr>
</tbody>
</table>

Source: Election Commission of Nepal, 1999

**Dalits and disadvantaged groups in local government bodies**

The LSGA provides for representation of disadvantaged groups in local bodies. However, these groups are not properly defined. Although Indigenous groups and Dalits have been defined and identified and most indigenous groups and Dalits are disadvantaged, not all disadvantaged groups come under this definition. Disadvantage and deprivation varies in terms of regions or even the social context.

**Adivasis and Janjatis in the DDCs**

<table>
<thead>
<tr>
<th>Region</th>
<th>Members of indigenous population/nationalities</th>
<th>Total DDC members</th>
<th>Proportion of indigenous groups to total members</th>
<th>Percentage of district population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountain/ hill region</td>
<td>255</td>
<td>725</td>
<td>35.2%</td>
<td>40.8</td>
</tr>
<tr>
<td>Inner Terai &amp; Terai</td>
<td>97</td>
<td>414</td>
<td>23.4%</td>
<td>29.2</td>
</tr>
<tr>
<td>Total</td>
<td>449</td>
<td>1 553</td>
<td>28.9%</td>
<td>39.8</td>
</tr>
</tbody>
</table>

The representation of indigenous groups in the DDCs has increased substantially. In 13 mountain districts, adivasis/janjatis have between 50 to 100 percent representation in DDCs.

**Proportion of Adivasis and Janjatis in VDCs & Municipalities**

<table>
<thead>
<tr>
<th>Region</th>
<th>Proportion of indigenous population/nationalities to district population</th>
<th>Total VDC members</th>
<th>No. of Hill/Mountain IP/N members</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountain/ Hill region</td>
<td>40%</td>
<td>25 769</td>
<td>9 160</td>
<td>35</td>
</tr>
<tr>
<td>Inner Terai &amp; Terai</td>
<td>29.2%</td>
<td>17 604</td>
<td>2 014</td>
<td>11.4</td>
</tr>
</tbody>
</table>

The participation of hill adivasis/janjatis in village-level local bodies is encouraging as their representation of 25.8 percent is more than their share – 21.1 percent – of the total population. The hill adivasis/janjatis had a clear majority in the village-level representation.

**Local development priority**

The LSGA confers mandates and competencies on local bodies to plan and implement activities to address needs and demands of the people especially the disadvantaged and vulnerable. The Village Development Committees are required to maintain databases of vulnerable sections, including orphans and children with
disabilities. Section 28 (1) (8) of the LSGA authorizes VDCs to "launch activities to protect orphans, helpless women, the aged, the disabled in line with the national policy and carry out functions to eradicate social malpractices and to protect girls and women."

However, the allocation pattern of resources for the social sector is very discouraging and local bodies are inclined to select physical and infrastructure development projects rather than human resource and social development schemes.

**Dispute resolution**

The LSGA authorizes VDCs to constitute mediation boards for dispute resolution at the local level. Women and people from backward groups have to be included in the boards.

**Social security**

Distribution of social security grants is the responsibility of local bodies. Three groups are eligible: i) citizens above the age of 60 years, ii) destitute women including widows above the age of 60 years and iii) persons with severe disabilities above the age of 16 years. The names of beneficiaries should be recommended by the committee set up for this purpose in each VDC.

**Conclusion**

Although the Local Self Governance Act provides for participation by women, untouchables and other marginalized groups in local governance, the provisions for representation in committees and the working structure do not guarantee protection of the interests of the vulnerable sections. Women’s representation is also not adequate, particularly at the decision-making level. Women and vulnerable groups lack adequate capacity for understanding the intricacies of the laws and processes of local self-governance.

It is not enough to have legal provisions for empowerment. The weaker sections must be enabled to articulate their needs and demand protection of their rights. Local government institutions should be sensitized to the needs of the marginalized sections. This requires capacity-building training for office bearers of local bodies.

Local bodies should be oriented to make citizen empowerment a matter of priority. Citizens’ voice initiatives need to be built into the legal and formal structures of the system.

**References**


Country experiences in decentralization in South Asia


Role and experience of local governments in financial resource mobilization in Nepal

Ganga Datta Awasthi, Joint Secretary, Ministry of Local Development, Kathmandu

Expenditure pattern of local bodies

In Fiscal Year 1998-99, the total expenditure of 32 District Development Committees (DDCs) from ‘own sources’ was NRs 20 million. The major items of expenditure were public works (28.2 percent) and human resources (20.4 percent) with salary and allowances accounting for 20.4 percent. Most DDC expenditure is supported by the central government. Dependency of the DDCs on central grants ranged from 83.7 percent of the total DDC expenditure in Bardia district to 99.6 percent in Bajura district. The higher the elevation of the district, the greater is its dependency on grant (Gurung, 2002).

The expenditure by DDCs of their own resources on administrative and contingency purposes was 67 percent in 1997-98 and 60 percent in 1998-99 while in the same years, 33 and 40 percent respectively were invested in development programmes. The expenditure pattern of the grant for the same years was different with 36 and 49 percent allocated for administrative and contingency purposes, and 64 and 51 percent for development related works.

The expenditure pattern of the Village Development Committee (VDC) is encouraging in comparison, with 60 percent of the grant amount and more than 65 percent of own resources being used for development programmes. An analysis of available data shows that the share of local bodies in total public expenditure is about 4 percent and is declining. Their share in local revenue is about 7.39 percent and also decreasing.

Issues related to expenditure responsibilities

1. The Local Self-Governance Act (LSGA) requires ministries/departments to define tasks for each level of local government. This has not been operationalized in practice.

2. The central government should amend provisions of sectoral acts which are in contradiction with the LSGA.

3. The central government needs an institution for mediation between relevant government agencies.

4. Expenditure responsibilities have to be categorized according to the capacity of the local bodies which differs from VDC to VDC and between one DDC and another.

5. Sectoral funds must be channeled through the respective local bodies as per the tasks defined by line departments/ministries. This will help build local government capacity and promote responsibility among local bodies.
6. The Local Bodies Fiscal Commission (LBFC) has approved the Road Map of the Fiscal Commission to undertake a study and come up with recommendations.

**Resource mobilization by local bodies**

**Taxes**

The revenues assigned to local bodies by the LSGA mainly include house and land tax, vehicle entrance tax, business tax, service charges and a number of fees. The VDC can also improve the natural resource utilization tax while the DDC can levy a tax on the use of roads, bridges and canals constructed or maintained by the DDC besides taxing the commercial use of locally available raw material. District bodies can earn income from natural resources within their jurisdiction such as from the sale of sand, stone and wood drifting on rivers.

**Issues related to tax base of local bodies**

1. There is a tax overlap among the different local government levels, especially with regard to natural resources such as sand, stone and gravel, and between the central government and local bodies in case of the vehicle tax. This has led to conflict among central government and local bodies.

2. Local bodies have little flexibility in fixing tax rates. The major potential source of revenue is the land and house tax. But the rate of land tax is so nominal that there is little incentive to collection. In some VDCs, the land tax is not enough to cover the cost of printing the tax collection receipt. As the VDC does not have the authority to increase the land tax, most VDCs in the mountains hardly utilize this revenue source even though people are keen to pay the tax to secure evidence to land.

3. Most natural resource and environment-related taxes are based on renewable goods which are generally collected through contractors. This has decreased the administrative cost of collection but has led to negative impact on the free mobility of goods, business and industrial productivity. Most entrepreneurs are opposed to this method of revenue collection.

**Income pattern of local bodies in Nepal**

Data on revenue income of local bodies from different sources shows that while the DDCs own source of income increased from 13.9 percent in 1998 to 19.8 percent in 1999, there was negligible increase in the VDCs own income from 25.7 to 26 percent in the same period. The revenue performance of the VDCs is weak because of: i) limited staff; ii) weak capacity; and iii) irregular transfer of revenue and non-provision of technical assistance from concerned agencies.

**Fiscal autonomy indicators of DDC**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>8.00%</td>
</tr>
<tr>
<td>Range</td>
<td>0.005-55%</td>
</tr>
<tr>
<td>Geometric mean</td>
<td>2.4%</td>
</tr>
<tr>
<td>Median</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

*Source: Local Authorities Fiscal Commission’s report 2000*
Country experiences in decentralization in South Asia

<table>
<thead>
<tr>
<th>Fiscal autonomy Indicators of VDC</th>
<th>1997-98</th>
<th>1998-99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average %</td>
<td>25.7</td>
<td>26</td>
</tr>
<tr>
<td>Range %</td>
<td>0.04 to 97.1</td>
<td>0.1 to 96.9</td>
</tr>
<tr>
<td>Geometric mean (75 VDCs) %</td>
<td>5.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Median %</td>
<td>5.6</td>
<td>6.3</td>
</tr>
</tbody>
</table>


The above tables clearly show that the VDC has more fiscal autonomy than the DDC. However, the gap among DDCs is less than the VDCs. The VDCs dependency may be higher because they are not assigned any expenditure responsibilities.

**Intergovernmental fiscal transfers**

**Vertical and horizontal fiscal balance**

The available data on local bodies’ expenditure and income is not sufficient to analyze the vertical and horizontal fiscal balance. Given the narrow tax base and limited discretion of local bodies over the tax rate, and the central government’s dominant role in public sector spending, revenue collection and macro economic stability, it is fair to assume a high degree of vertical imbalance between central and local governments in Nepal (Shrestha, 2002).

The main causes of horizontal fiscal imbalances are i) different economic mandates and opportunities within the jurisdiction of local bodies; ii) differences in the local natural resource conditions; and iii) differing capacity of taxation resource mobilization.

As seen already, most local bodies are heavily dependent on central transfers in the form of
- a) administrative grants; and
- b) development grant which comprises i) general purpose block grant and ii) conditional grant.

**DDC block grant**

The DDC unconditional block grant is composed of:

1. Administrative grant which covers staff salaries, including the salary of the VDC secretary. The inclusion of the salary of VDC secretaries under the DDC administrative grant has the following implications:
   - VDC autonomy is undermined;
   - increased administrative costs of DDCs;
   - more administrative control over VDC secretaries.

2. The development grant is transferred from the Ministry of Local Development to the DDC on the basis of the poverty-sensitive equalization formula, recommended by the Local Bodies Fiscal Commission, which is derived from the following:
   - HDI (human development index) 50%
   - Population 20%
   - Area 10%
   - Cost of service delivery 20%
The four types of sectoral grants transferred to the DDC are related to:
- health sub-centre
- primary school
- agriculture/livestock
- small infrastructure

The transfer of block grant according to the above criteria-based formula has the following advantages:
- transparency in allocation;
- reduces scope for political interference;
- provides certainty;
- brings equity and vertical balance.

However, the formula is open to criticism as i) the weight given to HDI is not based on a proper district-wise study; ii) fiscal incentives for revenue efforts are not calculated; iii) performance measures are not undertaken; and iv) sectoral grants are not transferred on the basis of criteria of expenditure assignments.

Revenue sharing

The central government shares revenue with the DDC which in turn shares its income with the VDCs. Similarly, the VDCs share their income, especially land revenue, with the upper tier of local government.

<table>
<thead>
<tr>
<th>Source</th>
<th>Rate</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and housing registration fees</td>
<td>5-90%</td>
<td>Recently in regression</td>
</tr>
<tr>
<td>Royalty from mines</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Royalty from forest</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Royalty from hydropower generation</td>
<td>50%</td>
<td>12% to dam site location district remaining 38% to other districts in the region as decided by relevant DDCs.</td>
</tr>
<tr>
<td>Revenue from tourism</td>
<td>30%</td>
<td>Substantial transfer to LBs but not distributed equitably.</td>
</tr>
</tbody>
</table>

Revenue transfer to DDCs in 2002-03

<table>
<thead>
<tr>
<th>Source</th>
<th>NRs</th>
<th>% of total share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land registration fee</td>
<td>214 953 438</td>
<td>55</td>
</tr>
<tr>
<td>Royalty from hydropower</td>
<td>118 724 910</td>
<td>30</td>
</tr>
<tr>
<td>Royalty from forestry products</td>
<td>39 826 483</td>
<td>10</td>
</tr>
<tr>
<td>Royalty from mines</td>
<td>11 251 609</td>
<td>3</td>
</tr>
<tr>
<td>Royalty from trekking</td>
<td>6 522 703</td>
<td>2</td>
</tr>
<tr>
<td>Royalty from mountaineering</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Royalty from National Parks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>391 356 440</td>
<td>100</td>
</tr>
</tbody>
</table>

Last two items still to be decided
NA – not available

Land revenue and electricity are the main revenue sources. The high potential of the tourism sector is yet to be realized and can directly enrich mountain districts where trekking and mountaineering are concentrated. The resources from land registration are high in big cities where land sales/transactions are high.
The rate of revenue sharing from mountaineering is not yet decided and sharing will start from this fiscal year. Revenue sharing from hydro-electricity generation has been raised to 50 percent of which 12 percent will be retained by districts where the powerhouses are located. The balance 38 percent would be distributed according to criteria agreed upon by districts within the region. This increased royalty will presently enrich only the central and western regions where most powerhouses are located. Similarly, the income from mines is limited to some districts.

Resource mobilization through private sector/civil society organizations

There is not sufficient information about resource mobilization by local bodies in partnership with the private sector, NGOs, CBOs and other civil society groups. The Public-Private Partnership Policy for Local Bodies is a milestone in the development of this partnership. The policy has to be incorporated in the Local Self Governance Rules. Procedures, norms and appraisal systems have to be installed at the local level. A support and back-up system is needed at the Ministry level to encourage local bodies, strengthen their monitoring capacities and to provide technical assistance. A database has also to be created to keep track of investment by the private sector in capital and infrastructure generation and in the social sector.

Recommendations

1. The revenue collection system has been reviewed and the collection system is being adjusted so that the DDC’s collect taxes only at source rather than through barriers at export points. A committee of stakeholders at central and local level will be formed to monitor and handle grievances of tax payers.

2. The land revenue rate is very low and flexibility is needed to decide this according to land productivity/income. (The regressive land registration fee to be converted in a progressive way to share revenue.)

3. Criteria and formula-based grant transfer system should replace the present ad hoc system.

4. A transparent accounting management system has to be developed, installed and monitored so that equitable allocations can be made and revenue sharing policies reviewed.

5. The number of local bodies has to be reviewed to reduce administrative costs.

6. A complete database of NGOs/CBOs has to be prepared and contract-out systems developed.

7. Local bodies must encourage private sector investment. The share of income through capital investment has to be assured and user charges should be equitable keeping in view socio-economic disparities.

8. The capacity of local bodies to identify and appraise investment projects has to be strengthened.

9. A financial facility such as a bank or fund has to be established to finance investment projects of local bodies.
Country experiences in decentralization in South Asia

10. A strong audit system has to be installed.

11. Transfer has to be linked with performance and measures/indicators have to be identified for this.

12. Management information and financial management information systems have to be combined with the decentralized monitoring information system and installed at local level. Networking with the central level has to be established.

13. Other revenue sharing areas have to be explored. Revenue potential studies must be carried out through the LBFC or by the local bodies themselves.

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Development of cooperatives in Nepal

Usha Gongal, General Manager, WEAN Cooperative, Nepal

Historical perspective

Nepal is primarily an agriculture-based country with a long cooperative tradition. The cooperative concept in its modern and organized form is half a century old with the Department of Cooperatives (DOC) established in 1954 under the Ministry of Agriculture (MOA) to promote and assist in the development of cooperatives. This led to the establishment of cooperative credit societies with unlimited liability in Chitwan District as part of a flood relief and resettlement programme. The development of cooperatives in Nepal is closely related to government initiatives to use cooperatives as part of its development programme.

Development of cooperatives

The evolution of cooperatives in Nepal is best traced through the various national development plans.

First Plan (1956/57-1960/61)

During this period, cooperatives were established as part of the rural development programmes with a government target of 4,500 agricultural multipurpose cooperatives during the Plan.

Second Plan (1962/63-1964/1965)

The cooperative programme was integrated with the land reform programme. A Cooperative Bank was established to provide credit to small scale cooperatives. The number of cooperative societies rose up to 542 during the plan period.


A total of 1,489 cooperatives were operating in 56 of country’s 75 districts. Many of these were defunct by the end of the plan period.

Fourth Plan (1970/71-1974/75)

The cooperative reorganization programme begun in 1969 stressed importance of commercial viability, but still ignored social viability. A large number of cooperatives were either liquidated or merged with others leaving only 250 cooperatives in total.

Fifth Plan (1975/76-1979/80)

A massive Cooperative Expansion Programme was launched which aimed at operating 1,163 cooperatives in 1,827 then village panchayats (councils) of 30 districts, with 808,000 members and providing services to 4.4 million people in the country.

Sixth Plan (1980/81-1984/85)

More emphasis was given to the viability of cooperatives and the needs of small farmers.
**Seventh Plan (1985/86-1989/90)**

Cooperatives acquired a greater role in the services sector. By the end of the plan period there were 830 agricultural cooperatives and 54 non-agricultural cooperatives.

**Eighth Plan (1992-1997)**

The 1992 Cooperatives Societies Act recognized the need for democracy and autonomy for cooperatives. More than 3,700 primary cooperatives, 77 district cooperative unions, three central level associations and one national cooperative federation were formed.

**Ninth Plan (1997-2002)**

Cooperative development was emphasized for national economic growth. By the end of 2001/02, one national cooperative federation, three central level associations, 121 district cooperative unions, and 7,064 primary cooperatives were registered.

**Tenth Plan (2002-2007)**

Promotion of cooperative participation in agri-marketing and infrastructure development. Some 60,000 cooperative members to be trained in cooperative management, accounting and business promotion.

More than half of Nepal's 7,445 cooperatives are located in the Central Development Region, of which more than a quarter are in Kathmandu, Lalitpur and Bhaktapur districts.

**WEAN Cooperative**

The Women Entrepreneurs Association of Nepal (WEAN) was formed in 1987 as an autonomous association. It has provided opportunities for Nepalese women entrepreneurs to gain self-confidence as well as new entrepreneurial knowledge and skills. In 1992, WEAN established a women’s marketing cooperative.

The cooperative started in 1991 by providing a marketing outlet to agro-based and handicraft products of its members. It was supported during 1993/96 by the UNDP/UNIDO Women's Production and Marketing Cooperation Project.

Main services provided by WEAN Cooperative:

- Collection and marketing of agro-based and handicraft products of members and women from rural areas.
- Provision of quality raw materials, packing materials.
- Resource mapping for raw materials availability to assess production potential of agro-based products.
- Information and counseling on product, markets and quality.
- Provision of cooperative-patent.
- Forum for exhibiting products in and outside the country.
- Training.

The Cooperative currently deals with more than 200 items and is now marketing in Japan, the Middle East, Hong Kong and New Zealand among other countries. The cooperative provides direct or indirect employment to about 7,500 people.
Role and experience of local governments in empowering communities and financial resources mobilization in Pakistan

Muhammad Ashraf, Secretary, National Reconstruction Bureau, Islamabad, Pakistan

Introduction

On its birth in 1947, Pakistan inherited a system of governance, which was designed mainly to collect land revenue and maintain law and order. Provinces were divided into administrative districts and tehsils. There was hardly any opportunity for public participation in governance.

Local government plan, 2000

The strategy for devolution under the Local Government Plan announced in 2000 is based on three basic principles:

a. people-centered development
b. rights and responsibility
c. service-oriented government

Salient features of Local Government System

- Power devolved to locally elected representatives; decentralization of administrative and financial authority.

- A three-tier federated local government system set up in every district on 14 August, 2001. Local governments at District, Tehsil, and Union levels.

- Local governments are an integral part of provincial governments.

- Integrates rural and urban local governments into one coherent structure in which district administration and police are answerable to the elected district government.

- Marginalized social sections have been given adequate representation at each level of local government. (33 percent for women, 5 percent for peasants, workers and minorities each).

- Provides a mechanism for monitoring service delivery.

- A system of checks and balance.

- Fiscal decentralization.

- New offices like information technology, literacy, finance and planning, and law, established at district level.

The local government system has been established in all four provinces of the country, comprising of 96 District Councils, 342 Tehsil/Town Councils and 6 022 Union Councils. Direct elections have been held to fill 126 462 Union Council seats across the country.
**Local government structure**

**Union administration**

At the bottom tier, the unions are organized in the rural as well as urban areas of the district. A Union has a directly elected council with 21 members including the Nazim (council head) and Naib Nazim and six women councilors. The Union Nazim is also a member of the respective Zila Council. Likewise, Naib Nazims are members of the Tehsil Council. This provides vertical linkages between the three tiers of local governments. The primary functions of the Union administration are community mobilization and monitoring of local development.

**Tehsil Municipal administration**

The Tehsil is the middle tier headed by the Tehsil Nazim. The Tehsil Council has indirectly elected councillors and Naib Nazims from the Union Council. There are reserved seats for women, peasants/workers and minorities. The Tehsil Municipal Administration is a new administrative entity at Tehsil level to handle essential municipal services under the Tehsil Nazim.

**District government**

The Zila (district) Council is the top tier of the local government system. It consists of a Zila Nazim, Naib Zila Nazims and indirectly elected councillors with reserved seats for women, peasants/workers and minorities. The district administration has offices for agriculture, community development, education, finance and planning, health, information technology, law, literacy, revenue and works and services, each headed...
by an Executive District Officer. The entire district administration functions under the control of the elected Zila Nazim.

**Supporting institutions**

To support the local government structures, a number of new institutions have been created.

- The Provincial Local Government Commission is an impartial arbiter between local governments and the provincial government.
- The Provincial Finance Commission is an institutional mechanism for revenue sharing between provincial governments and districts.
- The Zila Mohtasib (District Ombudsman), which is yet to be established.
- Monitoring Committees, which include:
  1. Ethics committees
  2. Accounts committees
  3. Insaf (Justice) committees
- Musaliyat Anjumans (Conciliation Bodies).
- Zila Mushavirat (District Consultation) Committees.
- Union Public Safety Committees.
- Citizen Community Boards.
- Village and Neighbourhood Councils (yet to be established).

**Resource mobilization**

Each level of local government has its own Local Fund which includes:

- Money transferred by another local government;
- Grants/money received by local government from the provincial government or other sources;
- Proceeds of taxes/charges levied by local government;
- Rents and profits payable to local government from immovable property vested in or controlled/managed by it;
- Proceeds/profits from bank accounts, investments or commercial enterprises of a local government;
- Gifts, grants or contributions to local government by individuals or institutions;
- Income from markets or fairs regulated by local government;
- Fines for offences under local government laws/rules; and
- Proceeds from other sources of income.

All other financial receipts including the following are credited to the Public Account of the local government:

- Receipts from trusts administered or managed by local government;
- Refundable deposits received by local government;
- Deferred liabilities.

Although local governments can raise funds from taxation, they primarily depend on fiscal transfers from the provincial government.

**Resource mobilization by local taxation**

Local governments are empowered to impose the following taxes/fees with the approval of the local council and after vetting by the provincial government:
Country experiences in decentralization in South Asia

**District government**

- Education tax.
- Health tax.
- Any other tax authorized by the Government.
- Local rate on lands assessable for land revenue.
- Fees in respect of educational/health facilities established/maintained by District Government.
- Fee for licenses/permits and penalties/fines.
- Fees for specific services rendered by District Government.
- Collection charges for tax recovery on behalf of the Government, Tehsil Municipal Administration and Union Administrations.
- Toll on roads/bridges/ferries within district limits.
- Rent for land, buildings, equipment, machinery and vehicles.
- Fee for major industrial exhibitions/public events organized by District Government.

**Tehsil Municipal Administration**

- Tax on services.
- Fee on sale of animals in cattle markets.
- Market fees.
- Tax on transfer of immovable property.
- Fee on advertisement other than on radio, television and billboards.
- Fee for fairs/agricultural shows/industrial exhibition/tournaments/other public events.
- Fee for approval of building plans.
- Fee for licenses/permits and penalties/fines.
- Charges for development/betterment/improvement/maintenance of public utility works.
- Fee on cinemas/theatres/ other entertainment.
- Collection charges for tax recovery on behalf of the Government, District Government, Union Administration or any statutory authority.
- Rent for land/buildings/equipment/machinery/vehicles.
- Fee for specific services rendered by Tehsil Municipal Administration.
- Tax on vehicles other than motor vehicles registered in Tehsil.

**Union Administration**

- Fee for licensing of professions/vocations.
- Fees for registration/certification of birth/marriage/death.
- Charges for specific services rendered by Union Council.
- Rate for execution/maintenance of public utility work operated by Union Administration.
- Rent for land/buildings/equipment/machinery/vehicles.
- Collection charges for tax recovery on behalf of the Government, District Government, Tehsil Administration or any statutory authority.

**Community participation through Citizen Community Boards**

Citizen Community Boards (CCBs) enable citizen participation for improved delivery of local development services. It is mandatory to utilize 25 percent of the development budget every year for CCB schemes. Unutilized amounts are carried forward to the next year.
Country experiences in decentralization in South Asia

Number of CCBs by province

<table>
<thead>
<tr>
<th>Province</th>
<th>Registered CCBs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>1 066</td>
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<tr>
<td>NWFP</td>
<td>224</td>
</tr>
<tr>
<td>Sindh</td>
<td>213</td>
</tr>
<tr>
<td>Balochistan</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>1 508</td>
</tr>
</tbody>
</table>

An analysis of the information reveals that communities are interested in investing in projects relating to agriculture, soling (bricks pavement), water supply, drainage, education, women development, education and health.

CCB projects by sector

<table>
<thead>
<tr>
<th>Province</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>Agriculture, Soling, Drainage, Education and Woman Development</td>
</tr>
<tr>
<td>NWFP</td>
<td>Water Supply, Soling, Drainage and Education</td>
</tr>
<tr>
<td>Sindh</td>
<td>Soling &amp; Drainage and Health</td>
</tr>
<tr>
<td>Balochistan</td>
<td>Information awaited</td>
</tr>
</tbody>
</table>

Status of CCB schemes

<table>
<thead>
<tr>
<th>Province</th>
<th>Status of CCBs Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Submitted</td>
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<tr>
<td>Punjab</td>
<td>694</td>
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<tr>
<td>NWFP</td>
<td>176</td>
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<tr>
<td>Sindh</td>
<td>351</td>
</tr>
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<td>Balochistan</td>
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<tr>
<td>Total</td>
<td>1 231</td>
</tr>
</tbody>
</table>

SWOT (strengths/weaknesses/opportunities/threats) analysis of Local Government System

Strengths/opportunities

- Has abolished hierarchical administrative set up.
- Public participation in decision-making and local accountability.
- Elected head of government instead of bureaucrat.
- Reduced rural-urban divide.
- Bottom-up approach to development ensures that schemes reflect local aspirations.
- Provincial Finance Commissions for equitable resource distribution among local government levels.
- Easy public access to government information.
- Village and neighbourhood councils provide direct interface between grassroots level and local governments.
- Representation to weaker sections.
- Encourages amicable settlement of disputes through mediation/conciliation.

Weakness/threats

- Slow process for establishment of supporting institutions.
Country experiences in decentralization in South Asia

- The real test of decentralization is the relationship and distribution of power of decision-making between local government, provincial and federal representatives. This should be underpinned by law and clearly defined financial and budgetary arrangements and mechanisms for accountability at all three levels.
- Mobilization of funds from local sources needs local capacity building which is a slow process and will affect the work of local governments in the short run.
- A survey of 27 selected districts and 82 Tehsils indicates that local governments are not allocating the required 25 percent share of development budget for CCB schemes.
- Provincial Government functionaries have still not fully accepted the idea of decentralization.
- Lack of awareness/inadequate knowledge of the new system.
- Hesitation in accepting/adopting new structures of local governance.
- Limited capability/resources to identify/analyse local problems.
- Slow process of restructuring services.
- No District Ombudsman office to redress people’s complaints.

Way forward

- Local revenue mobilization is very important for the sustainability of local governments. There is need for comprehensive capacity building.
- Sincere efforts are required for accepting the new role assigned to elected representatives and civil society.
- The institutions provided under the new system must be fully functional to achieve the objectives of decentralization.
- Necessary to develop a positive interface between national lawmakers and local governments in line with the philosophy of decentralization.
- The process of service restructuring for devolution needs to be expedited.
- The advantages of the new system are yet to be understood by all stakeholders.
Country experiences in decentralization in South Asia

TEHSIL MUNICIPAL ADMINISTRATION

- NAIB TEHSIL NAZIM Convener
- TEHSIL NAZIM
- Internal Audit
- Complaint Cell
- Public Information

Tehsil council office

TEHSIL COUNCIL

TEHSIL MUNICIPAL OFFICER

Chief officer at TMA HQ

Chief officer at Non-TMA HQ

Planning

- Spatial (Physical planning)
- Land use planning (Land sub-division, zoning, land use)
- Development facilitation/control
- Building facilitation/control
- Housing, site development, Katchi Abadi amelioration plans
- Coordination and liaison with neighbouring tehsils and unions/village councils
- Others

Infrastructure and Services

- Water supply
- Sewerage/drainage
- Sanitation and solid waste management
- Roads, streets and street lighting
- Fire fighting
- Parks and open spaces
- Traffic engineering
- Others

Municipal Regulations

- Licensing
- Facilities & properties
- Land including rights of way of roads and drains (Temporary tehbazar and encroachment)
- Others

Finance

- Accounts
- Budget
- Annual 3 year rolling cost accounting
- Revenue vigilance (detection and prevention of revenue leakage and loss)
- Survey (revenue base – current and potential)
- Others
Introduction

Nearly 40 percent of Sri Lanka’s workforce is in the agriculture sector which contributes 18 percent of the GDP (gross domestic product) and accounts for 23 percent of export earnings.

Despite a relatively high level of social development, between 20 to 30 percent of Sri Lanka’s 19.5 million people are estimated to be living in poverty. The nutritional status of children and women is especially poor with one in five children having a low birth weight of less than 2.5kg. More than a third of the children under five years old are underweight.

Administrative structure

Sri Lanka has nine main administrative divisions known as provinces, which are subdivided into 25 districts that form the main bases of the regional administration. Each district is headed by a Government Agent, usually a senior career civil servant. A district is made up of administrative divisions and there are 324 such sub-district units, each headed by a government official known as Divisional Secretary. The administrative division includes village-level administrative units called Gramasevaka Divisions, each headed by a government official known as Gramasevaka who assists the Divisional Secretary and police authorities in administrative matters and the maintenance of law and order at village level. There are 14 009 Gramasevaka divisions for Sri Lanka’s 38 259 villages.

Three types of local authorities are recognized by the Constitution – the Municipal Council, Urban Council and Pradeshiya Sabha. There are 14 Municipal Councils, 39 Urban Councils and 256 Pradeshiya Sabhas. Each council is elected for four years on the basis of proportional representation. The Municipal Council is headed by the Mayor and the Urban Council and Pradeshiya Sabha by a chairperson each.

Only a limited amount of powers have been conferred upon local authorities by the central government and their financial resources are restricted. There are a lot of checks and limits on the working of local authorities.

Devolution and delegation of powers

Provincial Councils

The year 1987 marked the beginning of a new era in the post-colonial political development in Sri Lanka with the introduction of a major devolution package. Until then, the dominant tendency was towards centralization of state power.

The 13th Amendment to the Constitution and the Provincial Council Bill in 1987 together form the basis for the devolution of power to newly established regional level authorities called Provincial Councils. A primary objective for setting up
the Provincial Councils was to speed up regional development through people’s participation in policy planning and implementation.

The Provincial Councils are elective bodies with a term of five years. The membership of each council is determined on the basis of its land area and population with one member elected for every 1000 sq km and 40 000 people.

Powers and functions

The powers and functions of the Provincial Councils are set out in List I and List III of the 9th Schedule of the 13th Amendment. The 37 subjects in List I or Provincial List have been exclusively devolved to the Provincial Councils while 36 subjects in List III or Concurrent List can be exercised concurrently by the Central Government and Provincial Councils subject to the supremacy of the centre in case of a conflict. These subjects cover all matters relating to regional development.

The main function of the Provincial Council is to approve policy decisions taken by the Board of Ministers. The Executive Branch of the Provincial Council consists of the Governor and Board of Ministers headed by the Chief Minister supported by the Chief Secretary.

The Governor

The Governor is the Chief Executive Officer of the Provincial Council who is appointed by the President for a period of five years and can be removed either by the President or by a resolution passed by the Council to that effect. The Governor links the Central Government with the Provincial Councils. The Governor appoints the Chief Minister and other Ministers.

Under normal circumstances, the Governor’s position is expected to be similar to that of a nominal executive. But in cases such as financial instability, failure of provincial administrative machinery and proclamation of the Public Security Act, the Governor can use discretionary powers with the consent and approval of the President.

Chief Minister and the Board of Ministers

The Chief Minister is the political head of the provincial executive. In normal circumstances, the Chief Minister and Board of Ministers are collectively responsible and answerable to the Provincial Council. The Governor’s sanction is necessary for all executive decisions taken by the Board of Ministers on subject matters in the Concurrent List.

Financial arrangements

Each Provincial Council is authorized to establish a Provincial Fund and to make appropriations from the Fund, which receives proceeds from:

- central government grants;
- taxes imposed by provincial council;
- loans advanced by the Consolidated Fund;
- other receipts;
- foreign grants and aid.
Country experiences in decentralization in South Asia

Provincial Public Service

Provincial Councils are empowered to set up a Provincial Public Service. However, the councils cannot organize a provincial recruiting system and officers for the provincial administration are to be drawn from the central public service.

Functional autonomy of the Provincial Councils

The distinctive feature of the Provincial Councils is that they derive powers directly from the Constitution and any change to the existing framework can be effected only through an amendment to the Constitution. This would mean that the functional autonomy of the Provincial Councils is well assured. However, there are a lot of checks and limits imposed on the Provincial Councils.

Checks on the Provincial Councils

The most important check is the manner by which powers and functions have been devolved to the Provincial Councils. The national parliament is still supreme with regard to the exercise of state power and, as such, the Provincial Councils are virtually subordinate to the Parliament.

The Provincial Councils have not been created on true federal principles which involve the division of political power between the centre and regional units. Only administrative powers have been conferred on the Provincial Councils. Central control is retained over the Provincial Councils through the following provisions in the Provincial Councils Act and the 13th Constitution Amendment.

- The Governor is a direct representative of the Central Government.
- Similar subjects in Provincial Council and Concurrent Lists and making central law prevail over provincial law in respect of matters in the Concurrent List.
- Provincial Councils have to exercise powers within the national policy framework.
- Constitutional provision pertaining to Provincial Councils can be amended by Parliament with a simple majority if all Provincial Councils agree to it or with a special majority if one or more Councils do not agree.
- Centre can enact laws in respect of any matter in the Provincial Councils List following the procedure in 4.
- Centre can enact laws on any subject in the Provincial Councils List on a request by a Council.
- Provincial Councils cannot enact on subjects in List II or the Reserve List.
- Special powers with the President to regulate Provincial Councils under special circumstances such as a proclamation of Emergency, grave financial crisis and failure of the administrative machinery of Provincial Councils.
- Provincial Councils are prohibited from dealing with matters declared to be of national importance by Parliament.
- Provincial Councils cannot deal with the activities of public enterprises set up under a law enacted by Parliament.
- The Auditor General audits accounts of the Provincial Councils.

The purpose of these checks is to ensure that the working of the Provincial Councils is consistent with the national objectives. Yet, this has considerably weakened the functional autonomy of the Provincial Councils.
The Provincial Councils' working is also affected by inadequate central commitment to the concept of decentralized administration. This can be seen in:

- the lack of clarity in the division of functions between the Central Government and the Provincial Councils which has been the main source of frequent conflicts between the centre and Provincial Councils;
- lack of financial resources; inadequate funds are provided by the Central Government and Provincial Councils have little means to generate additional resources. The resulting dependence of the Councils on the Central Government has been used to tighten central dominance over the former;
- dependence of the Provincial Councils on the Central Government public service to run the Provincial Public Service.

What has decentralization achieved?

A recent study of the devolution process in Sri Lanka found the following weaknesses:

- decentralization has not reduced inter-regional disparities in human development, particularly in income;
- the complex and unwieldy system of decentralization is affected by internal conflicts over control of resources; seriously deleterious effect on the morale of provincial public servants;
- high administrative costs as a result of complexity, duplication, conflict and fragmentation.

According to the World Bank, decentralization introduced in 1987 may have made an already difficult administrative situation worse.

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Agriculture development strategies in support of decentralization in Sri Lanka

H.S. Dharmawardena, Acting Director, Agriculture Development Division, Ministry of Agriculture and Livestock, Sri Lanka

Introduction

Sri Lankan agriculture, despite its small contribution to the gross domestic product, is still the mainstay of the rural economy. Over the past few decades, declining income and livelihood opportunities in agriculture have compelled more and more rural youth to migrate to urban areas.

A national policy framework and strategy for the development of the agriculture and livestock sector prepared with the participation of all stakeholders, aims to reorient traditional agriculture to:

- optimize utilization of natural resources;
- attain a certain degree of self-sufficiency;
- develop the local agro-processing industry;
- promote entrepreneurship among smallholders;
- optimize export opportunities.

Implementation

The following are the key elements of these strategies.

1. Decentralization of powers and responsibilities to:
   - increase people's participation in governance;
   - decrease the authoritative nature of the central government;
   - minimize conflict among ethnic groups;
   - improve socio-economic equity;
   - achieve national integration;
   - empower local communities.

2. Recognize and incorporate the concept of decentralization for the development of the agriculture and livestock sector.
   - On most occasions, decisions made and plans prepared at the national level for agricultural and rural development do not match the actual needs of the rural sector.
   - Decentralization of powers and responsibilities will enable the identification of correct and appropriate solutions for regional problems.
   - There is a stronger commitment of the regional political leadership for the implementation of decentralized development programmes.

3. A common vision among key stakeholders in the agriculture and livestock sector.

4. Develop and implement a policy and strategic plan.

5. Combine and share efforts to optimize resources/benefits among partners.
6. Foster competitiveness, growth and profitability in the sector to attract private investments.

7. Partnership among public, private, community-based institutions and non-governmental organizations for the development of the sector.

Institutional organization is an integral part of the development plan to achieve its goals and objectives. The plan involves a number of agencies both public and private as well as non-governmental organizations and farmer organizations. It also involves close coordination between the central government, provincial councils and international agencies.

The national-level plans incorporate regional requirements identified by provincial, district and divisional level institutions. Provincial councils are implementing the agriculture development plan through provincial ministries and departments. A team of extension officers has been established at the divisional and village levels.

**Monitoring and evaluation**

There is strong emphasis on establishing an effective monitoring and evaluation system from the national to the village level. Besides evaluation by the Ministry of Agriculture and Livestock at the national level, agriculture committees at provincial, district and divisional level carry out regular progress reviews. Agrarian development councils at the sub-divisional level and farmer organizations at the village level are also playing an active role in the monitoring process.

The following performance indicators have been developed under the plan to evaluate the achievements.

- Conservation measures.
- Increased availability of seeds and planting material.
- Extension service centres/production units established.
- Increased natural resources use efficiency.
- Cultivated area expanded.
- New extents cultivated under different crops.
- Increased average yield.
- Increased production.
- Economic growth.

**SWOT (strength, weaknesses, opportunities and threats) analysis of the agriculture development plan strategy**

**Advantages, strengths and opportunities**

- Recognition and incorporation of the decentralization concept for the development of the agriculture and livestock sector.
- Commitment of the regional political leadership to plan implementation.
- Beneficiary participation can be ensured.
- National-level plans reflect regional and divisional-level priorities.
- A strong team of extension workers responsible to central and provincial authorities.
- Authorities for planning, implementation and management of natural, financial, physical and human resources.
Disadvantages, weaknesses and threats

- More than one institution for similar activities.
- Inadequate definition of roles/responsibilities.
- Inadequate political commitment.
- Inadequate coordination among stakeholders.
- Heavy operational costs/overheads.
- Elaborate procedures for establishment and finances.
- Political conflicts, different visions, missions, goals and objectives.
- Political bias and interference.
- Inappropriate application of vested powers.

Agriculture development plan

To achieve the above goals, new approaches, interventions and reforms have been identified.

Relax quarantine measures in the seed and animal feed industry and make available increased quantities of quality seeds and animal feed.

Micro irrigation and controlled environment agriculture technologies.

The programme has a target of placing about 10 000 ha under micro-irrigation. In view of the use of new technology and potentially high income levels, this programme can draw in a significant number of youth.

Crop diversification.

Diversification to improve productivity and income opportunities from uneconomic paddy lands as well as marginal and unproductive tea and rubber lands.

Demand-driven research.

The research activities identified will integrate basic long-term and targeted short-term programmes to develop new technologies, practices and production enterprises that increase profits, enhance the farm ecosystem and develop small-scale processing technologies to create value-added products from agricultural commodities.

Customized extension.

Timely access to information and technical guidance is central to improved agriculture and livestock productivity. Agriculture and livestock stakeholders often find it difficult to obtain assistance on time. Several new measures are being implemented, including:

- one roof service centres;
- one-village-one-product programme;
- communication and information centres;
- establishment of agri-clinics;
- strengthening technology awareness through mass media;
- modernization of in-service institute and training centres;
- establishment of agriculture science gardens.
Rehabilitation of minor irrigation schemes, land consolidation and farm mechanization.

Farmer and community-based organizations, non-governmental organizations, pradesheeya sabhas, provincial councils and departments under the central government are directly or indirectly involved in the planning and implementation of activities for the rehabilitation/augmentation of minor irrigation schemes and water distribution networks to increase cropping intensity and productivity.

Micro-credit facilities.

The government is providing several facilities for low-interest farm credit such as Farmer’s Banks.

Agro processing and post harvest management.

Emphasis is being given to promotion of local agro-industry with a focus on regional export opportunities. Almost all provincial councils have made provisions to facilitate the establishment of agro-based industries at the village level.

Marketing.

The government has established a mechanism to provide soft loans to provincial councils, district secretariats and farmer organizations for purchasing paddy and other agricultural products directly from producers. This system has enabled farmers to get reasonable prices for their produce.

Agricultural resources centres.

More than 540 Agrarian Services Centres are being established at the divisional level to provide implements and services to the farming community. The Ministry of Agriculture and Livestock has developed a long-term plan to convert the Agrarian Services Centres into Agriculture Resources Centres with the support of all stakeholders including provincial councils, private sector and farmer organizations.

Establishment of rural knowledge centres

The government is giving priority to encouraging the use of information and communication technology to improve farmers’ livelihoods. Information and communication technology centres are being established for farmers.

Establishment and strengthening of farmer organizations.

Farmer organizations have long been an integral part of agricultural development in Sri Lanka and emphasis is being given to increasing people’s participation and representation in the decision-making process at the village level.

The central government and provincial councils are conducting programmes for social mobilization, awareness, knowledge improvement and skill development to establish and strengthen community-based organizations and small farmer groups. Special attention is being paid to strengthen women’s groups through the introduction and expansion of agriculture-based cottage industries and self-employment opportunities.
Country experiences in decentralization in South Asia

Recommendations

- Identify stakeholders and their responsibilities.
- Strong recognition for stakeholder responsibilities.
- Strengthen inter and intra-agency linkages.
- Expand opportunities for beneficiary participation in every aspect.
- Identify potentials, trends and development needs with the participation of stakeholders.
- Plan and implement result-oriented programmes.
- Minimize overheads/operational costs.
- Minimize administrative and operational channels and barriers.
- Strengthen monitoring and evaluation.

References


Decentralization in CIRDAP member countries: experiences and issues

Mya Maung, Director General, Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP)

Many CIRDAP member countries have experimented with various kinds of decentralization measures with the following main objectives:

- make development programmes and projects more effective;
- increase people’s participation;
- ensure efficient delivery of services;
- mobilize local resources;
- engender lower-level democracy;
- enhance coordination;
- promote equity;
- increase the bottom-up flow of information;
- enhance responsiveness of the central government to citizen demands and interests;
- maintain political stability;
- provide education and training for political leadership.

Decentralization mechanisms differ across countries in structure, networking of multi-level tiers as well as in the sharing of powers and functions. The process ranges from administrative deconcentration involving transfer of national government functions to sub-national levels with central control of budgets and policy making, to fiscal decentralization which transfers partial control over budgets and financial decisions from higher to lower levels, and finally, to devolution or the transfer of resources and authority to lower tiers of governance. Such a wide diversity in the approach to decentralization also makes it difficult to compare the trends across CIRDAP member countries.

The process of decentralization has generally been guided by three major concerns in these countries:

1. failure of the centralized approach to meet local needs;
2. increasing awareness of the complexity of local issues and the inability of a centralized structure to deal with such issues;
3. need to ensure people’s participation to ensure effectiveness, efficient and sustainable local development, particularly in rural areas.

Bangladesh

In Bangladesh, the process of decentralization has been guided by the following concerns:

- failure of the centralized approach to meet development needs and initiate rapid growth;
- increasing realisation of the complexity of local issues and the inability of the central government structure to deal with such problems;
- need for people’s participation for effective and sustainable rural development.
Steps towards decentralization

1. During the initial phase (1973-75), the development of local self-government Institutions was hampered primarily by the inherited colonial style of local government institutions.

2. Between 1976 and 1982, efforts were made to strengthen the system by setting up village-based organizations known as Gram Sarkar. However, the Gram Sarkar did not get sufficient time for consolidation because of the change in government in 1982.

3. From 1982 to 1990, the focus of attention shifted from the village to the thana, which was upgraded as the Upazila to be headed by elected people’s representatives. The most important characteristic of the Upazila system was the retention of regulatory and administrative functions by the central government, while residual development functions were transferred to the Upazila Parishad. Further, the Upazila Parishad was given funds for development along with responsibility for the preparation of the five-year and annual development plans.

4. During 1991-96, the Upazila system was abolished and a two-tier system was introduced with district and union councils. The Thana Development and Coordination Committee was formed to coordinate development activities at the thana level.

5. Legislation in 1997 allowed the government to hold Upazila (sub-district) elections and establish the Zilla Parishad (at district level) following the recommendation of the local government reform commission. The present government (2001-06) reintroduced the Gram Sarker.

India

The 73rd and 74th Constitution Amendments provide the basis for the Panchayati Raj system with panchayats (elected councils) at village, block and district levels in each state. The main features of the system are:

- mandatory elections after 5 years;
- quotas for vulnerable social groups including women;
- financial devolution and delineation of areas of responsibility.

Impact of decentralization

- Establishment of a pro-poor decision-making mechanism.
- Development of improved collaborative linkages between rural communities and other tiers of panchayats and administration.
- Internal cohesiveness of local-level institutions with strong capacity and awareness strengthens them for effective advocacy with the local administration.
- Community participation in planning/follow-up and monitoring improves overall village development.

However, research studies indicate continuing resistance to decentralization efforts by the bureaucracy and lower-level government officials.

Indonesia

Since 1999, Indonesia has been emphasizing a bottom-up approach to development, with communities designing and initiating schemes, and the government playing a facilitating role. The law stipulates development of village institutions including
financial institutions, promotion of community participation and village enterprises as well as rural production and services.

Yet, the decentralization process has resulted in the weakening of inter-linkages between national government and local entities in terms of priority setting and capacity building through development planning and improved delivery of support services.

**Lao People’s Democratic Republic**

The New Economic Policy introduced in 1986 advocates an area-based rural development approach which aims to promote locally-owned “centres for change and learning” through empowering district and local institutions, human resource and capacity-building for public management and participatory community development. The strategies include:

- creation of lead coordination bodies for the harmonization of planning, development and extension works;
- upgrading local capacity to manage development programmes;
- implementing research and development activities through existing grassroots institutions.

**Malaysia**

Malaysia has a three-tier administrative system at the federal, state and local levels. The Malaysian management of the economy is highly centralized in the federal executive branch of the government. Development planning is macro-oriented. The states act as implementing agencies.

**Myanmar**

The government is taking various steps towards the emergence of a developed and democratic state that corresponds to the political, economic and social conditions of the country. Practices, experiences, knowledge and understanding of the process of decentralization are still limited in the country.

**Nepal**

Nepal has more than four decades of decentralization experience. The two-tier local government system includes the Village Development Committee (VDC), Municipality and District Development Committee (DDC), with the first two forming the bottom level.

**Pakistan**

Pakistan inherited a tradition of strong centralized administration and an efficient framework of civil services, and local government institutions have not yet developed fully.

**Philippines**

Since 1986, power and authority are being transferred from the national to local government units, the private sector and civil society. Local government units enjoy considerable autonomy. At least one-fourth of the membership of local government
councils is reserved for NGOs. Elected local officials and councils have the power to approve their own budget and tax rates.

**Constraints**

- ‘Recentralization’ trends in the different branches of government.
- Reconcentration of power and control.
- Lack of human, technical and financial capacity.
- Serious problems to popular participation.
- Development plans/programmes generated by local bodies are inadequate.
- Local bodies are inoperative.

**Sri Lanka**

The formation of the Development Council in 1980 led the decentralization effort in Sri Lanka, although it also led to the demise of the town and village councils. In 1987, the provisions of the 13th Constitution Amendment devolved local government functioning from the central government to the newly created provincial councils which, in turn, led to the demise of the district development council.

**Thailand**

Local government in Thailand is organized at six levels, three each for urban and rural areas. All forms of local government are subjected to central government control through the Ministry of Interior. Participation and involvement of NGOs is also limited. The Education Act of 1999 paved the way for rigorous reform in the education sector including decentralized management and quality education.

**Viet Nam**

Despite Viet Nam’s political system being dominated by the Communist Party, the following economic reforms have taken place with effect from 1980s.

- 1987 Foreign investment law.
- 1988 First step in agricultural liberalization/reform of banking system.
- 1989 “Dong” local currency floated/devaluation to free market rates.
- 1993 Extensive land-use rights for farmers.
  - State enterprises privatized.
  - Elimination of import quotas.
  - Hundred percent price liberalization.

**Recommendations**

The major objective of decentralization in the region has been to evolve a mechanism to enable rural people to provide effective inputs to development programmes.

The following suggestions can be made.

- Devise effective mechanisms to make local-level institutions participatory so that rural people can integrate their needs in development programmes.
• Ensure bottom-up planning and its integration with development efforts at upper levels.
• A strategic plan for decentralization with strong commitment of the government, political parties and donor communities.
• Institutions with proper human and financial resources.
• Appropriate methods of monitoring and evaluation need to be developed and applied to ensure flexibility and strategic planning.

Institutional innovation is an integral part of the process since the creation and restructuring of local level institutions are necessary pre-requisites for success and sustainability of local development efforts. Despite the existence of various mechanisms, inadequate coordination of activities among the various agencies seems to persist and emerges as a critical bottleneck in the CIRDAP member countries. Innovative efforts are required to overcome such deficiencies.

The effectiveness of local government from the district to the village level is again compromised by its dependence on the state and even the centre for resources. The influence of the line ministries extends to the local level where officials retain dual loyalties to the parent ministry and local elective institutions. The services of employees should be fully delegated to the local bodies in order to make the devolution of power effective.
Country experiences in decentralization in South Asia

B. Sudhakar Rao, Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP)

The seven South Asian countries – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka – are home to about one-fifth of world population and two-fifth of its income-poor people. More than 80 percent of South Asia’s poor live in rural areas.

Decentralization of governance to the rural level is crucial for empowering the majority poor in the region to overcome food and income insecurity. The extent of decentralization in South Asian countries may be measured in terms of:

- local government expenditure;
- representation of women and other weaker sections in local government;
- investment in rural infrastructure development;
- direct elections to different layers of local administration.

Capacity building of the rural poor and of local institutions to plan, implement and monitor local development is a priority in these countries. An attempt is made to review efforts towards this in the South Asian countries.

Bangladesh

Despite a declared policy to enhance local government expenditure, this still remains below 3 percent of GDP (gross domestic product). According to a UN Development Programme (UNDP) report, the lack of capacity building and marginalisation has weakened local government in Bangladesh.

Donors have shown a preference to work with NGOs and other community-based organizations. But there is now a greater need for a viable local government system for sustainable institution building and economic development.

Well acknowledged NGO efforts in capacity building need to be supplemented by governmental organization at the grassroots level. The Bangladesh Rural Development Board is to supplement the activities of NGOs for capacity building and provision of livelihood information to poor households, which will be met through organized training at different levels of local administration.

India

The Government of India through the Ministry of Rural Development has initiated a national action plan for capacity building of 3.5 million elected leaders of Panchayati Raj institutions.

Most rural poor in India have a small asset base. The Gram Panchayat (elected village council) is responsible for developing and managing community property resources such as forests, pastures, degraded lands and water sources on the one hand, and rural infrastructure on the other. All this requires capacity building.
Some impediments to rural infrastructure development are (a) lack of need assessment; (b) uneven development; (c) poor maintenance; (d) priority to non-productive infrastructure; (e) poor quality infrastructure assets; and (f) lack of people’s participation.

Nepal

The Local Self-governance Act (1999) and Regulations (2000) are milestones in decentralization which provide the framework for a local participatory planning process. The problems noticed in the implementation of decentralization are: (1) non-adherence to the participatory planning process; (2) ineffective coordination; (3) parallel and duplicated planning; (4) inadequate information for the planning process; (5) non-adherence to prioritisation criteria; (6) weak horizontal coordination and monitoring systems.

The 1999 Local Development Fund programme mobilised community participation to implement micro-infrastructure projects in rural areas. Donor agencies have supported the process of local governance, particularly in the areas of capacity building, institutions and social mobilization.

The district partnership programme works with District Development Committees (DDCs) and Village Development Committees (VDCs). It is a unique programme to strengthen local governments with participatory planning, organizational management, monitoring capabilities and to create district-level data bases and local plans. Various international organizations are supporting projects in partnership with DDCs, NGOs and civil society. Usually, the government shares some of the cost. The DDCs, VDCs, NGOs and user groups share labour/costs and donors provide technical/financial resources.

Pakistan

The 2001 Local Government Ordinance provides for devolution and institutional restructuring, besides distribution of resources at district level and strengthening of grassroots organizations. The key features of the ordinance are:

- voter’s age has been lowered to 18 years;
- representation for women enhanced to 33 percent at all levels;
- representation for peasants, workers and minorities at all three levels;
- local development training programmes for councillors;
- district government, tehsil and Union Municipal administrations have been set up with vast powers;
- strong links between Union, Tehsil and District Councils for effective coordination of the development process;
- legislative opportunities for all councillors;
- all three councils have the power to levy taxes;
- councillors have legislative and monitoring powers;
- direct participation of councillors in planning, management and monitoring of development projects;
- Zila Nazim is head of the district;
- all Nazisms and Naib Nazisms must have minimum academic qualification – matriculation/secondary school certificate or equivalent;
- district bureaucracy under the District Coordination Officer who is accountable to the Zila Nazim; police accountable to the Zila Nazim;
Country experiences in decentralization in South Asia

- urban-rural division for development has been removed; Tehsil Councils will execute and supervise municipal projects;
- people’s participation through Citizen Community Board and village council;
- citizens have development monitoring opportunity through provision of information on real service delivery; citizens also have direct role in monitoring the performance of district administration and line departments through the Citizen Community Boards;
- obligatory public display of information on various development activities.

It is premature to pass judgement on transparency in decision-making, the accountability of decision-makers and the responsiveness of governing institutions to people’s needs.

Sri Lanka

The functional autonomy of local councils is inadequate because of limited powers, limited financial resources and multiple checks on their working.

The Independent South Asian Commission on Poverty Alleviation outlined a regional strategy with the following objectives:

- poverty eradication is not possible without a dynamic pro-poor development strategy and the starting point of such a strategy is total social mobilisation;
- the state has to be the prime actor and its objective is to give power to the people;
- a pro-poor, participatory agricultural development strategy and decentralized small-scale industrialisation along with participatory social development.

Capacity building for the poor through capacity building of decentralized institutions such as self-help groups and locally elected bodies is to be stressed. Examples of subjects relevant for capacity building are:

- Development of the non-farm sector such as pre/post-harvest and upstream/downstream activities. This includes development of market information, policy support, cost and quality effectiveness.
- Small-scale enterprise development by self-help groups as in Bangladesh, India and Nepal. Local government bodies can play a major role in the formation of self-help groups and in enhancing their capacities to set up viable rural enterprises.
Rural development assistance

The FAO Regional Office for Asia and the Pacific is providing rural development expertise and assistance to 14 Asian countries – Bangladesh, Cambodia, China, India, Indonesia, Iran, Laos, Myanmar, Nepal, Philippines, Republic of Korea, Sri Lanka, Thailand and Viet Nam. Assistance on specific rural development policy and capacity-building issues has been provided to Malaysia, Mongolia and Pakistan through partnership networks, including public and private sector organizations.

Rural development goal/challenges in the Asia-Pacific region

The major goal is poverty reduction and household food security in rural areas. Over 500 million hungry and poor people live in the region's rural areas. Of these, more than 70 percent are small farmers, landless workers, indigenous people and persons with disabilities, with women and children being the most vulnerable. The 1996 FAO World Food Summit and the 2000 UN Millennium Development Summit set as their main goal, the reduction of global hunger levels by half, by the year 2015.

It is not so well known that the poor and hungry people in the region include about 160 million rural persons with disabilities, which have been caused mainly by malnutrition and accidents. It is estimated that over 260 million rural persons in the region are physically or mentally disabled or both. The FAO regional office is playing an active role in the implementation of the UN ESCAP (Economic and Social Commission for Asia and the Pacific) “Biwako Millenium Framework for Action” which was adopted by Asian governments in 2003 with the aim of creating an inclusive and rights based society for persons with disabilities.

Rural development strategy

- To empower the rural poor for sustainable agriculture and rural development (SARD) for achieving the MDG/WFS goal.
- Policy advice and technical project support focused on the effective decentralization of public institutions and strengthening of grassroots organizations in order to enable the rural poor to Improve their:
  - participation in local-level decision-making and planning;
  - access to production/social resources and services;
  - self-management capacities for developing viable and sustainable market-oriented rural enterprises.

Main local outcomes

- FAO Rural Development projects and regional networking have enhanced the capacities of decentralized government agencies for pro-poor development planning and delivery of services and enabled small farmers, hill tribe communities, village groups and small farmers with physical and mental disabilities to develop successful, small-scale rural enterprises.
Country experiences in decentralization in South Asia

- Promotion of village-level rural SME’s (small and medium enterprises) with agricultural cooperative enterprise development (ACED) as the first priority.
- ACED provides an opportunity to small farmers, landless and other rural poor to improve their livelihoods in conformity with local cultural and social values.
- The application of cooperative principles helps in leveling social, cultural and political barriers. Rural cooperative enterprise promotion is based on group participation in the procurement, production, processing and marketing of farm/non farm products as well as delivery of production, financial and other services.
- Agricultural cooperative enterprises also function as vocational schools which promote a broad range of skills and learning, enhancing self-confidence and leadership qualities among rural people, thereby providing a sound basis for their improved participation in local governance.

Promotion of rural entrepreneurship

Main constraints
- Unsuitable policies, planning, legislation, trade/investment, social/cultural biases.
- Weak rural SME capacity-building institutions at public, private sector and civil society level.
- Lack of focus by donors, research agencies and NGO’s on rural enterprise development issues.

First priority: building awareness

Building awareness among national policy-makers/planners that:
- developing village-level entrepreneurship by the rural poor provides unique opportunities for poverty and hunger eradication in rural areas;
- establishing horizontal and vertical linkages among rural SME clusters provides a solid framework for improved access of the rural poor to production resources/services, enabling up-scaling and specialization of rural enterprises.

Second priority: enhanced training capacities of partner agencies for rural entrepreneurship promotion

The following training manuals have been developed by the Rural Development section in the FAO regional office.

- Success case replication. a manual for increasing farmer household income. 2001
- A handbook for training of disabled on rural enterprise development. 2003

Third priority: regional country networking on promotion of ACED

Promotion of rural SMEs and ACED through the Network for Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC), a forum for 19 cooperative public and private sector organizations from 11 Asian countries representing 3 million agricultural cooperatives. FAO-NEDAC member activities focus on policy, legislation and capacity building.
Country experiences in decentralization in South Asia

FAO-NEDAC meetings/workshops/missions

- Promotion of ACED business planning/field-level exchange visit, India, 2003.
- Joint NEDAC/ICA (International Cooperative Alliance) declaration on food security, through cooperative development, 2000.
- Regional workshop on information technology in support of ACED, Thailand, 2004.

Support to capacity building for promotion of women’s agricultural cooperative enterprises in Thailand

An FAO Technical Cooperation Programme (TCP) project (2002-03) supported in-house capacity building in the Cooperative Promotion Department of Thailand’s Ministry of Agriculture and Cooperatives for the promotion of rural women’s cooperative enterprises.

Provincial-level mobile trainers’ teams in five regions were trained to use an FAO training handbook on business planning for rural women’s enterprises, covering food, wood, textiles and handicrafts produced by 5,000 women farmers’ groups. Additional ACED training programmes were organized for dairy and fisheries cooperatives.

The main outcomes of the TCP:
- recognition of the core role of the Cooperative Promotion Department in the One Tambon One Product (OTOP) national poverty reduction programme which assists local producer groups in marketing improved quality products;
- a shift in the attitude of women’s group members/leaders from traditional acceptance of outside help to independent business planning for improved marketing of their produce.

Joint UN ESCAP-FAO Asian project on for poverty alleviation through success case replication for market-generated rural employment

- Covering 3,300 farmer families in eight Asian countries during 1996-2000, the project developed an innovative methodology known as Success Case Replication (SCR) for multiplication of village-level, food/non-food rural enterprises. The project reported a success level of 71 percent. On average, participants obtained an additional annual income of US$500 at high cost-benefit rates – US$1 to US$54 in Sri Lanka.
- The successful entrepreneurs, often women, became SCR trainers themselves, resulting in a ten to hundred-fold replication of successful farmer enterprises.
- The factors in the success of the SCR approach are trust, use of local knowledge, enterprise skills adapted to local cultural/social conditions and strong...
commitment/monitoring by inter-agency public-private sector partners. The SCR methodology can easily be applied to other types of capacity-building rural development projects. The FAO Rural Development section in collaboration with the International Labour Organization (ILO) has used the SCR methodology for rural SME development by farmers with disabilities in Thailand and Cambodia.

Rural SME development by hill-tribe village savings and credit groups

- Hill tribe people in northern Thailand are among the most vulnerable of the rural poor. The Thai Savings and Credit Union Cooperative League (CULT), and the Hill Tribe Village Association (MEDP) have successfully developed village-based savings and credit unions for hill tribe women. The mainly illiterate village women have been trained in the financial management of group-based credit mainly for the production of food to meet local consumption needs. Without access to roads, marketing inputs and services, most groups lacked market-orientation.

- Building upon these village credit unions, the FAO Rural Development section, jointly with CULT, MEDP, the Thai Government’s Welfare Centre and two local NGO’s, successfully developed a training programme for women’s group enterprise development in three hill tribe villages. An FAO handbook and training material on SME business planning for village women’s groups have been field-tested. These are being successfully utilized by CULT women enterprise centres for the domestic and international marketing of a range of high-quality artisan products.

Support to rural entrepreneurship by farmers with disabilities

- An FAO TCP project during 1998-2000 developed in-house training capacities within the Thai Ministry of Social Welfare and Labor for the development of entrepreneurial skills among farmers with mental or physical disabilities. More than 120 farmers with disabilities were enabled to start successful careers as mushroom producers. The training was organized after careful selection of the rural enterprise and participants; construction of adapted training/production facilities; and using a training methodology that emphasized attitudinal change along with entrepreneurial skills development.

- The project resulted in sustained increases in the incomes of the trainees, improving their food consumption and social status. The training is being continued with annual budgetary support from the Government. The ex-trainees have established a group farm with family support and assistance from the extension office, entrepreneurs and academia. FAO rural development activities in support of farmers with disabilities have been recognized by other UN agencies such as ILO, the Economic and Social Commission for Asia and the Pacific (ESCAP), NGOs and the international media.

Capacity-building for pro-poor local governance

The second FAO rural development strategy in the region is aimed at capacity building for pro-poor participatory local governance.

- A handbook has been developed and field-tested for developing capacities of governmental/non-governmental training institutions for participatory local planning and decision-making. The focus is on training three million rural councilors, a third of them women, elected to India’s village-level Panchayati Raj local governance institutions. The nine training modules in A handbook for trainers on participatory local development were prepared over three years in consultation with grassroots practitioners and senior government officials/experts on decentralization and rural development.
An additional training package has been prepared on promotion of village-level SMEs by rural women.

Regional networking on decentralization issues

The Dhaka-based Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) provides a broad platform for policy advice and capacity building within governmental rural development agencies in 13 Asian countries. The main priority is strengthening human resource development capacities within national and decentralized institutions for training of trainers on local governance.

- An FAO-CIRDAP regional workshop on decentralization and the role of rural organizations was held in November 1998 in Thailand.
- FAO Rural Development technical assistance was provided through projects funded by the UN Development Programme (UNDP) to strengthen (i) village-level planning for pro-poor local development and (ii) self-management capacities of small farmers’ and women’s production groups in five townships in Myanmar’s southern Shan State in 2002.
- FAO Rural Development support to Laos in UNDP-funded project formulation for strengthening national planning capacities for the third phase of the National Decentralized Rural Development Planning Programme in 2001.
- Support provided through UNDP-funded projects in Viet Nam on capacity building for (i) provincial planning of agricultural support services during 1996-1998 and (ii) the “renewal of rural development” project in Viet Nam in 1998.
ANNEX 1

FAO/RAP – CIRDAP Subregional Workshop on
Country Experiences in Decentralization
Kathmandu, 24-26 February 2004

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FAO/RAP – CIRDAP Subregional Workshop on Country Experiences in Decentralization
Kathmandu, 24-26 February 2004

Programme schedule

23 February 2004: Arrival of delegates

Day – 1 (24 Feb.)

09.30 – 10.30 Hrs: Inaugural session

Welcome address Nayan Bahadur Khadka, Acting Executive Director, LDTA

Address by Khem Raj Nepal, Secretary, Ministry of Local Development, HMG Nepal

Objectives and expected outputs of the expert meeting by Wim Polman, Rural Development Officer, FAO/RAP

Key note address by Mya Maung, Director General, CIRDAP

Inaugural address by the Chief Guest H.E. Kamal Thapa Minister for Local Development, HMG Nepal

Vote of thanks by B. Sudhakar Rao, Head (Training and ICD), CIRDAP

Refreshments

11.00 – 13.00 Hrs: Paper presentations and discussions

Chairperson: Mya Maung, Director General, CIRDAP
- N.B. Khadka, Nepal
- Md. Mustafizur Rahman, Bangladesh
- S.K. Singh, India
- H.S. Dharmawardena, Sri Lanka
- B. Sudhakar Rao, CIRDAP

13.00 – 14.00 Hrs: Lunch

14.00 – 16.30 Hrs: Paper presentations and discussion

Chairperson: Wim Polman, FAO/RAP
- Sant Bahadur Gurung, Nepal
- M.O.A. de Zoysa, Sri Lanka
- Bimal Kumar Kundu, Bangladesh
- Mumtaz Thaha, India
- Mohammad Ashraf, Pakistan
- Kukti Prasad Kafle, Nepal
- Mya Maung, DG, CIRDAP
Day – 2 (25 February)

09.00 – 13.00 Hrs: Working groups meet for discussions
13.00 – 14.00 Hrs: Lunch
14.00 – 17.00 Hrs: Field visit

Day – 3 (26 February)

09.00 – 11.00 Hrs: Discussion/finalization of reports/recommendations and further action by countries and FAO
11.00 – 12.30 Hrs: Presentation of recommendations/reports by group leaders for adoption
12.30 – 13.00 Hrs: Concluding session
Chairperson - FAO country representative
Inaugural address

H.E. Kamal Thapa,
Minister for Local Development, His Majesty’s Government of Nepal

Opening remarks

[H.E. Kamal Thapa, Minister for Local Development, His Majesty’s Government of Nepal told the meeting that the theme of the workshop was very important and timely. Decentralization is the most talked about subject in developing countries at a time when the world is facing new challenges. There are two important issues – the sustainability of development itself and the challenge of meeting the aspirations of the masses.]

The answer to some extent lies in decentralization. In Nepal, there is a fairly decentralized programme through local authority and through them we are able to devolve power to the people at grassroots levels. For decades, Nepal has held elections for local authority. It got further momentum after the introduction of the multiparty system in 1990. His Excellency felt that unless we take democracy to the grassroots, we cannot sustain delivery of services and meet people’s expectation.

In spite of several constraints, Nepal has been able to move ahead, compared to many developing nations, in the decentralization process. We have a local self-government act as an instrument for strengthening local government. Nepal has two tiers of local government – local level VDCs and municipalities with 4,000 VDCs and 58 municipalities, and 75 DDCs which bring decision-making closer to the people so they can plan, implement and own development projects. About a decade ago, we started giving a block grant directly to the VDCs. These resources have played a great role in giving momentum to local projects. Local representatives have revolutionized development.

Over the last two years the government is implementing a policy of transferring the management of primary schools and primary health units to the local community. We have noted sufficient improvement in the management of these institutions. We have realized that until and unless we give them financial powers and autonomy, we will not be able to achieve results. Simply giving resources alone does not make any difference. With this realization, we are proceeding to strengthen the decentralization process. A committee has been set up to suggest measures to strengthen local authority and to suggest specific proposals in the areas of financial autonomy to further strengthen and consolidate local authority.

Apart from strengthening local authority, we are also strengthening the LDTA. For effective implementation, we need to raise the capacity of the poor to manage resources, plan development programmes and effectively implement the projects. Our objective of eradicating poverty cannot be achieved without strengthening democracy at the grassroots level and empowering people. In this context, this workshop is a milestone.

I extend my best wishes to the workshop.
I welcome you all here in Nepal and express my pleasure for giving me the opportunity to chair this inaugural session and address this august gathering to share the subregional country experience on decentralization.

I believe that the presentations by professionals and sharing of cross-country experiences on decentralization will make the workshop lively and interactive. This may lead in building the foundation for the future course of decentralization in the region.

It is interesting to note that decentralization in the region is being watched cautiously by insiders as well as outsiders. However, the achievement has been encouragingly positive. We have experienced that decentralization without people's representation and accountability is difficult. In Nepal, the political vacuum resulting out of non-election due to the conflict did not smooth the process of devolution. The present government has tried to fill the vacuum temporarily through nominated political representatives instead of bureaucratic arrangements as in the past. I hope this would make local bodies more responsive to local development efforts.

Nepal, by virtue of its geographical variations, remoteness and multi-ethnicity, has to decentralize and accordingly it has been adopting that approach. However, the existing number of local bodies versus their viability in terms of economics and administrative support has been identified as an issue to be resolved.

Nepal has experienced positive political commitment with regard to policies on decentralization. The provision of the Decentralization Implementation Monitoring Committee, (DIMC), an apex body chaired by the Prime Minister in LSGA; proactive policies on decentralization in the Tenth Plan; preparation and endorsement of the Decentralization Implementation Plan (DIP); establishment of the secretariat of the Local Bodies Fiscal Commission and finalization of the road map of fiscal decentralization; recent commencement of the Expenditure Assignment Study and preparation of the Local Bodies Service Commission Bill, are activities in support of decentralization. All of these have political acceptance and endorsement. The recent decision on revenue-sharing will enhance the financial capability of local bodies.

Despite these positive indications, differences in implementation and understanding have been observed among individuals in positions and institutions. Such changes in culture take time in both the frame of socio-political aspects and the procedural adjustments.

Nepal's recent experience shows that conflict situations demand more decentralized activities to respond to immediate needs for relief, rehabilitation and reconstruction. The immediate service needs of local people, especially people in remote areas and activities of local nature are a priority for local bodies which serve these better. Hence it could not get the needed support without decentralization and consequently will not be owned by the local people.

Nepal has initiated devolution at large and presently four sectors, i.e. basic health, basic and primary education, agriculture extension and rural infrastructure which are directly related for the service delivery, are devolved. Consequently, a number of primary schools and sub-health posts have been transferred to the...
Management Committees; the financial flow to the devolved sectors is through the District Development Fund (DDF). To sanction the expenses through DDFs, the respective council’s approval is compulsory.

The technical capacity in relation to rural infrastructure of the local body is being strengthened through the District Technical Office (DTO), which serves as an extended professional arm of the DDC. The social mobilizers are the key in building social capital, where the Local Development Fund (LDF) is playing a crucial role with all poverty alleviation program flow being channeled through it, making it a specialized agency for poverty-focused programs in the DDC. Similarly, we have already adopted participatory bottom-up planning, decentralized financing, and institutionalization of DDF/MDF. More control by local bodies over local resource generation, resource planning, and a formula-based grant allocation system are in practice, although these require more strengthening and updated information.

A High Level Advisory Committee has been recently constituted to recommend strengthening of local bodies and expediting the decentralization process.

I believe these all will be discussed in the workshop and lessons from other countries in the region will produce synergic outputs.

Before I conclude, I would like to extend my sincere gratitude to the Honorable Minister for sparing your valuable time to inaugurate this workshop.

Wishing you success and a fruitful stay in Nepal. I declare this inaugural session closed.

Thank you very much.
Keynote address

Mya Maung, Director General, CIRDAP

It is a great pleasure and honour for me to have the opportunity to address the Subregional Workshop on Country Experiences in Decentralization. First of all, I would like to take this opportunity to express my sincere thanks and gratitude to the Hon’ble Minister for Local Development, H.E. Kamal Thapa for his kind presence as the Chief Guest at this Inaugural Session in spite of his busy schedule. I would like to thank the Hon’ble Secretary, Khem Raj Nepal and the distinguished delegates for attending this workshop meeting. We are also very much grateful to the Hon’ble Minister for Local Development, the Secretary and the officials of the Ministry and particularly, N.B. Khadka and his staff of LDTA for extending all support and cooperation in hosting this workshop meeting. On behalf of CIRDAP and on my own behalf, I would like to extend our sincere appreciation and gratitude to the FAO Regional Office, Bangkok, particularly Mr. Wim Polman, for their technical and financial support to CIRDAP in this collaborative programme. It has been possible to conduct his workshop in Nepal only because of his sincere support and cooperation.

It is a gratifying to note that CIRDAP has got the privilege to be associated with FAO from its inception as FAO is the parent organization of CIRDAP. We had several collaborative programmes with FAO in the past. Very recently, FAO/RAP and CIRDAP organized a series of workshops in India to develop a handbook to improve training capabilities on awareness building and skill development for the newly elected people’s representatives and local government officials. Two draft versions of the handbook were discussed by experts in the workshops held at NIRD, Hyderabad during 2001 and 2002. This was published under the title “A Handbook for Trainers on Participatory Local Development” and copies are distributed to you.

FAO’s rural development priorities in Asia and the Pacific focus on improving grassroots participation in decision-making and service delivery through decentralization and improved local governance. FAO’s medium-term plan is oriented to make the decentralization process contribute towards the overall development of rural communities, particularly the very poor. This is in tune with FAO’s global priority areas for interdisciplinary action and local institutional building to improve capacity for achieving sustainable rural livelihoods.

In this context the FAO Regional Office and CIRDAP are organizing this expert workshop meeting with the participation of the selected SAARC countries. I do hope that with the assistance of all of you, the deliberations during the three-day workshop meeting will be able to share knowledge and experiences among the delegates to make decentralization an effective tool for poverty reduction in the SAARC region and South Asia in particular. As we all know, there are more people living in poverty in South Asia than other regions. According to the World Bank, there are 1.3 billion poor people in the world whose income is under US$1 a day, out of which 515 million people (40 percent) live in South Asia.

Alleviation of poverty has long been declared as a public policy agenda in SAARC countries. Several policies, such as agricultural development, rural infrastructure development, integrated rural development, small industries development, fisheries, livestock development, etc. have been formulated and implemented. Social investment in education, health care, drinking water, sanitation and housing sectors have been emphasized. Special targeted programmes in
employment, micro-credit, area development and women’s development have been carried out in the region. But unfortunately, achievements have remained limited.

The programmes undertaken so far have demonstrated that the poor can develop through self-help and participatory approaches. It is recognized that decentralization of power and capacity building of institutions and individuals will contribute greatly to the effective utilization of the funds allocated to rural development. It goes without saying that FAO’s efforts in this direction deserve appreciation and praise.

We have realized that the success of any development programme mainly depends on the self-organizing capabilities of people and people’s institutions to create a new pattern of resource mobilization, in addition to the inputs provided by government, NGOs and donor agencies. The people have to frame and fashion a new desire through their participatory approach to arrange resource mobilization and set norms for people’s management. The three major aspects of development are qualitative growth in production, resource and environmental conservation, and welfare of the people. Therefore, it is the responsibility of frontline organizations like the village council, village development committees, village assembly (Gram Sabha in India) and local government, etc. to meet the needs of the society. In this context, human resource development and capacity building of people’s organizations and local governments have become essential as development inputs.

Local governments are a subset of the political system in a country. Its format is decided by the forms of government at all levels, i.e. national, regional, sub-regional and the relations that exist between all these tiers of administration.

The South Asian countries have very rich experiences in the decentralization process. It will be very effective if these experiences are properly utilized in poverty eradicating programmes. In view of this, the expert workshop meeting will play a vital role in coming out with fruitful results.

I would like to take this opportunity to briefly illustrate the experiences of some SAARC countries. During the last few decades, Sri Lanka has significantly enriched social development programmes due to decentralization towards sub-regional levels and local participation in planning and development interventions.

I would like to mention that 83 percent of the population in Sri Lanka has adequate sanitation facility, compared to 31 percent in India, 53 percent in Bangladesh, 27 percent in Nepal and 61 percent in Pakistan. The infant mortality rate in Sri Lanka (per thousand live births) is only 20, compared to 66 in India, 68 in Bangladesh, 72 in Nepal and 85 in Pakistan. Sri Lanka has also better HDI rank than other South Asian countries. These are only some social indicators to suggest that poverty alleviation attempts should be continued with action by local governments to rapidly change the social sector growth scenario.

The top priority should be given to women for capacity building of local organizations as women constitute approximately 50 percent of the population. Female adult literacy (15 years and above) is about 88.6 percent in Sri Lanka, comparing to 44.5 percent in India, 29.3 percent in Bangladesh, 22.8 percent in Nepal and 30 percent in Pakistan. This necessitates scaling up of efforts and this can be best done by local governments and non-governmental organizations operating at village level. We hope that these issues will figure in our deliberations.

One of the important aspects of recent development in South Asia is the growth in the informal sector which is also called the unorganized sector. Most rural
and cottage industries are, for example, in the informal sector in India as are informal rural credit organizations. Many attempts have been made by multinational corporations to invade rural markets. There best example is that of Hindustan Lever Company, which is using women’s groups through training for their product marketing in India. Several such examples of women’s groups becoming active in production, sale and marketing are coming up in the region. Success cases and examples of market decentralization are to be shared between the countries.

In this meeting we have an agenda to discuss several important issues. Some of these issues are more important and critical. These are resource mobilization by local governments, private and civil society organizations, capacity building for effective participatory planning, promotion of employment and income generation activities by local governments, and capacity building needs of local governments in empowering the rural poor, women and the most vulnerable at grassroots level.

I am fully confident and believe that we will gain new experience and better knowledge in this very important workshop meeting through the active participation of the hon’ble delegates.

With these few words, I once again thank the Hon’ble Minister, H.E. Mr. Kamal Thapa for being with us this morning as the Chief Guest in spite of his busy schedule. I also thank the Hon’ble Secretary Mr. Khem Raj Nepal, and Mr. N.B. Khadka for providing all the facilities to make this meeting a success. I am very much grateful to FAO/RAP especially Mr. Wim Polman for his sincere support and cooperation and the delegates from CIRDAP Member Countries in responding to our invitation.

I would also like to thank all the people who are directly and indirectly involved in the successful and efficient conduct of the meeting.

I wish you all the best, a pleasant stay in Kathmandu and a grand success to this workshop meeting.

Thank you all.
Annex 6

**Fourteen steps of the participatory district development planning process in Nepal**

<table>
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<tr>
<th>Step</th>
<th>Activities</th>
<th>Participants</th>
<th>Time frame</th>
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| 14 Implementations of DDP | • Forward District Development Plan (DDP) to MLD and NPC  
• Forward sectoral programme and project to sector ministries | NPC, MLD and sector ministries | By end of March |
| 13 District Council | • Discuss draft DDP and approve Plan | District Council members | Second week of March |
| 12 District Development Committees | • Assess DDP in relation to govt./NPC instructions, district resource map  
• Classify programme/projects into district and central | DDC Chairperson, Vice-chairperson and members | First week of March |
| 11 Integrated plan formulation committee | • Assess and analyse priority prog/projects of different sectors  
• Incorporate priority projects into development plans of sectoral committees and submit draft to integrated plan formulation committee | DDC Chairperson, Vice-chairperson, MPs of sector committee chief’s district an NGO representatives | Third week of February |
| 10 Sectoral committee meeting | • Prioritize and forward sectoral programmes identified by VDC to DDC sectoral committee  
Ilaka members hold ilaka level planning workshop | Members of DDCs, NGO representatives and relevant sectoral committee members | Second week of February |
| 9 Ilaka level plan workshop | • Prioritize and forward sectoral programmes identified by VDC to DDC sectoral committee  
Ilaka members hold ilaka level planning workshop | Ilaka members, VDC chairperson, vice-chair, ward chairperson, mayors, deputy mayors, chiefs of sectoral agencies and financial institutions and NGO representatives. | By first week of February |
| 8 Village council meeting | • From among village-level programmes/projects, approve those needing VDC resources  
• Identify, prioritise and forward to DDC, those that need external support. | VDC council members | By second week of January |
| 7 VDC meeting | List programmes, projects submitted from settlement level  
Identify and finalise these  
Prioritise those which VDC can implement and those which need outside support with estimated budget. | VDC officials and representatives of sectoral agencies. | By first week of January |
<p>| 6 Ward committee meeting | Prioritise programmes, projects submitted from settlement level | Ward chairperson, members community organizations (COs) and user groups (UGs) | By end of December |</p>
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<tr>
<th>Step</th>
<th>Activities</th>
<th>Participants</th>
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<tbody>
<tr>
<td>5</td>
<td>Settlement level planning workshop</td>
<td>• Participatory assessment of programmes and projects submitted</td>
<td>Local resident NGOs, CO, UG, ward chairperson and members</td>
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<td></td>
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<td>• Complete forms at settlement level by communities with signature of participants</td>
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<td>4</td>
<td>VDC meeting</td>
<td>• Analysis of programmes, projects to be carried out in ward/settlement level by VDC</td>
<td>VDC, DDC and representatives of sectoral agencies</td>
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<td>3</td>
<td>Planning workshop</td>
<td>• Give out information on policies, objectives, programme resources, activities, budget of sectoral ministries and allocation of estimated budget per VDC.</td>
<td>DDC officials, sectoral agencies, chief representatives of financial institutions, NGOs, chairperson, vice-chairs and secretaries of VDCs.</td>
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<tr>
<td>2</td>
<td>Review of directives</td>
<td>• Analysis and review of directives, policies, guidelines, estimated budget provided by sectoral ministries/NPC.</td>
<td>Sectoral agencies, Chief DDC chairperson, vice-chair and members.</td>
</tr>
<tr>
<td>1</td>
<td>Directives</td>
<td>• Directives and information, budget ceiling for next year from sectoral ministries and NPC.</td>
<td>District-level sectoral agencies</td>
</tr>
</tbody>
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