Comprehensive Evaluation of User Committee Policies and Practices

Research Report

April 25, 2014 – March 31, 2015

Published on

March 2015

Kathmandu, Nepal

Project and Study Team

Project Coordinator

Mr. Mani Pokharel

Editors/Commentators

Prof. Dr. Bal Kumar K.C.

Mr. Indra Bhujel

Ms. Mamata Pokhrel

Mr. Saroj Devkota

Study Team

Mr. Krishna Chandra Neupane (Lead Researcher)

Mr. Keshav Pd Bhattarai (Associate Researcher)

Ms. Bhawani Thapaliya (Associate Researcher)

Local Enumerator

Mr. Prem Banstola (Dhankuta)

Mr. Nodnath Trital (Dhankuta)

Mr. Ranjit Kumar Raut (Mahottari)

Mr. Kuseswor Mahasheth (Mahottari)

Ms. Sarita Gyawali (Kapilvastu)

Ms. Parbati Pandey (Kapilvastu)

Ms. Sunita Neupane (Dang)

Mr. Durga KC (Dang)

Mr. Bishnu Bhatta (Dadeldhura)

Mr. Prem Joshi (Dadeldhura)

Contact:

Federation for Good Governance Nepal (FEG-Nepal)

Central Office: Mid-Baneshwor, Kathmandu

Phone: +977-1-4492567

E-mail: info@fegnepal.org

Website: fegnepal.org

ACKNOWLEDGEMENT

Nepal's enforcement of the Local Self Governance Act 1999(LSGA) and legal provisions enacted thereafter have moved the country towards decentralizing developmental needs and fulfilling them at the local level by mobilizing local development resources through User Committees (UCs). Unfortunately, due to the armed conflict, LSGA could not be fully implemented while there were elected representatives in local bodies. Because of political reasons, especially the vacuum created by not holding periodic local elections, there have been no elected representatives in institutions like the Village Development Committee (VDC), Municipality and District Development Committee (DDC) for more than 12 years. As a result, many LSGA provisions are not tested. Focusing on the urgency of service delivery and continuation of developmental activities at the local level, the Government introduced Local Resource Management and Mobilization Guidelines in 2010where the provision of UCs and their roles and responsibilities are clearly stipulated in 35 separate clauses. The guidelines, meant to regulate and guide UCs, address the formation of UCs, functioning, compliance, monitoring and evaluation roles.

The study shows that more than one hundred thousand UCs have formed to implement projects through Local Bodies (LBs). This regulatory framework was a monitoring mechanism for the government to ensure compliance to make sure both the government and UCs are adhering to regulation guidelines.

The Federation for Good Governance Nepal (FEGN) in partnership with the National Federation of Youth NGO Nepal (NFYN) and the support of The Asia Foundation (TAF), has carried out a study on the multiple facets of UCs and produced a report on the "*Comprehensive Evaluation of User Committees' Policies and Practices.*" In the course of report preparation, we received overwhelming constructive support from different agencies.. We would like to express our gratitude to Dr. Prem Dangal, Honorable Member of the National Planning Commission, Dr. Somlal Subedi, Secretary of MoFALD, Mr. Ganga Datta Awasti, former Secretary ofMoLD, Mr. Dinesh Thapalia, Secretary of government of Nepal and Mr. Hari Banstola, Country Director of CECI-Nepal for their comprehensive insights on overall aspects of UC during the research design and other significantly important phases. We would like to acknowledge the valuable contribution of experts at the pre-consultative meeting: Mr. Ganga Datta Awasti, Mr. Bodh Raj Niraula, Mr. Dinesh Thapalia, Mr. Amodh Dhital, Dr. Shyam Bhurtel, and Mr. Kedar Khadka during the assessment and data collection. These consultations have guided the research design that enabled the team to shape the questionnaires, the Focus Group Discussion (FGD) procedure and Key Informant Interview (KII) checklist.

Similarly, we would like to thank to Mr. Narahari Bhandari, Under Secretary of MoFALD for his important role in coordinating with Local Development Officers (LDOs) and Executive Officers (EOs) in sampled districts, and all the work that assisted our fieldwork in a short period. We are obligated to the following district based government officials: Mr. Bhagiraj Ignam, Chief District Officer, Mr. Murari Pd Wosti, LDO, Er. Deepak Kumar Das, Chief DTO, Mr. Kumar Koirala, Executive Officer, Mr. Khagendra Subedi, District Administration Office, Khimananda Gyawali, CIAA, Mr. JP Bhujel, director NCDC / Slove Nepal in Dhankuta. Likewise, Mr. Bashu Dev Khatiwada, Administrative Officer of District Administration Office, Mr. Ramesh Kumar Das, Executive Officer, Jaleshwor Municipality, Mr. Nilambar Mishra of Mahottari, VDC Secretary Shiva Saran

Ray, political representative Suresh Prasad Singh, Ex-mayor of Jaleshwor, Mr. Ram Shankar Shah. In Kapilvastu, we were helped by Mr. Binod Singh, CDO, Mr. Ram Prasad Pandey, LDO, Mr. Diwakar Bhujel, Executive Officer, Er. Chandi Pd Dev, Taulihawa Municipality, Mr. Ganesh Bhandari, Shivaraj Municipality Chanauta, Kapilvastu district, VDC Secretary of Niklihawa Numakhar Khanal. We are thankful for the interest and advice of political party representatives Mr. Anup Baral (CPN-Maoist) Ms. Mina B K (Jana Prajatantrik), Mr. Jit Bd. Chaudhari (Forum Democratic), Mr. Ram Asis Pandaya (Rastriya Prajantra Party), Mr. Dipendra Nath Sukla, Mr. Santa Ram Gupta (Tarai Madesh Samata Party), Mr. Dadhi Ram Achrya (Janamorcha), Mr. Chandra Kanta Acharya (CPN-Male).

Likewise, we are also thankful to Mr. Dinesh Bhattarai, CDO, Mr. Puspa Raj Shahi, LDO, Mr. Tufan Singh KC, Executive Officer, Ghorahi Municipality, Er. Sahadev Bhandari, Er. Surya Raut DTO, Mr. Tek Bd. Khadkha, VDC Secretary Saudiar in Dang. Similarly. We are pleased with the key informants of Dadeldhura district, Mr. Shiva Raj Joshi, CDO, Mr. Ram Prasad Wagle, LDO, Mr. Krishna Dev Joshi, Information Officer, Mr. Matrika Bhatta, VDC Secretary Rupal and Bagarkot. A special thank goes to Mr. Bishnu Bhatta, Advocate and Development Analyst for supporting us in coordinating with local political parties.

We are thankful to the entire team of The Asia Foundation (TAF) especially Dr. Sagar Prasai (the then Deputy Country Representative), Mr. Nabin Subedi, Governance Expert, and Mr. Ashray Pande, Program Officer.

Likewise, we acknowledge the managerial support and coordination from Mr. Mani Pokharel, Advisor of executing agencies and well as the Coordinator of this assignment. We also would like to express thanks to Mr. Kamal Subedi, Central President of NFYN and Ms. Samjhana Shrestha, Treasurer of FEG-N for their support. We are thankful to Prof. Dr. Bal kumar KC, Mr. Indra Bahadur Bhujel, Ms. Mamata Pokharel and Mr. Saroj Devkota for their meticulous comments and edits. We also honor with special thanks the research team led by Mr. Krishna Chandra Neupane, Mr. Keshav Prasad Bhattarai and Ms. Bhawani Thapalia (Associate researchers), Mr. Pradeep Sharma, Account Officer of this project. We appreciate Mr. Nodhnath Trital, Mr. Prem Bastola, Mr. Ranjit Kumar Raut , Mr. Kuseswar Mahasheth, Ms. Parbati Pandey, Ms. Sarita Gyawali, Mr. Durga Raj KC, Ms. Sunita Neupane, Mr. Bishnu Bhatta and Mr. Netra Joshi (Local Enumerators) for their valuable support in completing this project successfully.

Om Prakash Lamichhane

Central Chairman

Federation for Good Governance Nepal (FEGN)

EXECUTIVE SUMMARY

Public participation means involving the public in the planning, decision-making, implementation, monitoring and evaluation process that leads to benefit sharing. Development goals are achieved only with meaningful participation of the public in decision-making process at all levels: design, implementation and results sharing. Planning should be for the people, with the people and by the people. Participatory planning is more socially adaptable, culturally acceptable and environmentally viable. It also imparts a sense of ownership and control to people. The ideal UCs strive for knowledge and skill transfer during implementation, monitoring and evaluation, follow up and maintenance by the people. Formal and informal UCs are considered as a means and ends of the participatory development approach.

Nepal has a long history of community-based initiatives to fulfill the needs and aspirations of the community. Respecting and capitalizing on the essence of such community-based initiatives, the government has endorsed a number of legal provisions setting out the roles and responsibilities of user committees. The Local Self-Governance Act, 1999; Local Self-Governance Regulations, 2000; the Local Body Financial Administration Regulation (LBFAR), 2007, Public Procurement Act, 2006, Local Resource Mobilization & Management Guideline, 2012, the Interim Constitution of Nepal, 2007 and other directives regarding user committee formation and operation have acknowledged the scope of UC.

This study aimed to evaluate evolving practices and accountability standards of users' committees and their fund flows at the local level. The study team was tasked with recommending policy changes to the government, especially to the Ministry of Federal Affairs and Local Development (MoFALD). The study surveyed 100 UCs in five districts, from the hilly as well as Terai ecological zones. Sample districts were identified based on pre-consultations with governance experts, the Asia Foundation officials, MoFALD representatives and other stakeholders. Altogether, 15 Focus Group Discussions (FGD), and 20 Key Informants Interviews (KII) were held. Apart from standard questionnaires; structured checklists was prepared for FGDs and KIIs to capture relevant data and information.

The report is compiled from the views and responses of local, district, regional and national level stakeholders. Key findings, recommendations and conclusions are drawn accordingly. The report is organized into seven chapters. The first chapter starts with a brief review of the dynamics of local governance in Nepal in the current political scenario, informed by other studies. The objectives and scope of the current study are also included.

The second chapter contains the methodological approach adopted for the study, followed by the third chapter giving a brief account of the field observations from the district level from key informants and discussions with focus groups. Chapter 4 provides an overview of UC perspectives on their compliance with UC guidelines. This chapter provides a detailed picture of how UCs have been practicing UC guidelines while implementing projects. It also summarizes the accounting, managerial and resource mobilization practices of UCs. The fifth chapter summarizes the views of experts that participated in the workshops at the regional and central level. Chapter six analyzes the practical implications of UC guidelines, taking into account the information collected from the local level key informants, UCs, experts and workshops. Finally, the seventh chapter contains conclusions of the study, and ensuing policy recommendations.

The involvement and implementation of development projects by UCs is to ensure community ownership, and to trust the community to maintain accountability and transparency. However, the study found that the measures defined to maintain accountability and transparency were limited to paper, and not followed in practice.

Similarly, the monitoring role of local bodies needs to be strengthened. While the UC policy guidelines assert that there will be no interference from political parties, the study finds that in the name of political consensus, some project user committees were organized from among the political party leadership, which is against the UC management guidelines provision no. 2.

Insufficient capacity building training to both the supply and demand sides, work overload due to the absence of elected local officials, traditional organization structure and incapable staffing of local bodies are bottlenecks hindering the efficiency and effectiveness of UC-based development. The study shows that the project planning and fund flow mechanisms are incompatible. The standard practice of selecting plans from village/municipal/district councils and allocating budget as per the decision of the councils are often ignored, and some of the projects were chosen by the central level in the name of people participation.

Compliance on gender and social inclusion issues are often good while formulating UCs. However, women have a token role in decision-making that seems to exist for the sake of fulfilling the provision of guidelines. The orientation on policies and guidelines that the project needs to comply with should be held at the local level, prior to implementing the project, and involving representatives of both UCs and LBs. This will ensure that there are no major hurdles during the project implementation, as the UCs would know the mandatory requirements for project implementation and financial settlement.

Although, UC guidelines do not allow teachers, active political representatives and bureaucrats to be members of the committee, most of the committees have them. In view of the low capability of VDCs, it would be better to assign appropriate human resources or capacitate them. Moreover, it would be better to establish a section in the District Development Committee (DDC) to oversee and facilitate resolving UCs' problems at the district level.

All LBs should fully comply with the provisions of educating/orienting UCs about projects or programs assigned to them. All LBs should assess their capacity to educate user groups before starting the process of identification and formation of user groups and signing contracts with them.

There is a need to create a learning sharing mechanism between UCs having good practices and bad practices. Experience sharing mechanisms between user groups in different levels (DDC, VDC, and Municipal level) practiced by other agencies can be used as examples. This mechanism could be a platform to exchange and replicate best practices.

Contents

Figure

Table

ACRONYMS AND ABBREVIATION

APM	All Party Mechanism
CA	Constituent Assembly
CBO	Community Based Organization
CDO	Chief District Officer
CIAA	Commission of Investigation of Abuse of Authority
CIP	Community Irrigation Project
CPN-UML	Communist Party of Nepal (United Marxist- Leninist)
CSO	Civil Society Organization
DDC	District Development Committee
DIMC	Decentralization Implementation and Monitoring Committee
DRILIP	Decentralized Rural Infrastructure and Livelihood Improvement Program
DTO	District Technical Office
DDF	District Development Fund
EO	Executive Officer
FGD	Focus Group Discussion
GESI	Gender Equity and Social Inclusion
INGO	International Non-Governmental Organization
KI	Key Informant Interview
LBFR	Local Bodies Financial Regulation
LBs	Local Bodies
LDO	Local Development Officer
LSGA	Local Self Governance Act
MCPM	Minimum Condition and Performance Measure
MoFALD	Ministry of Federal Affairs and Local Development
NGO	Non-Governmental Organization
UC	User Committee
UG	User Group
VAT	Value Added Tax
VDC	Village Development Committee
WDO	Women Development Officer

CHAPTER ONE

1.1. INTRODUCTION

The new development paradigm focuses on decentralization and local governance to ensure effective delivery of public services and to consolidate democratic governance. From a political perspective, this devolution of authority can help strengthen democracy and participatory development. From a social and economic perspective, decentralization and local governance are critical to boost the economy and to address socio-economic concerns that direct the discourse of social change. Globally, there is a practice of decentralizing, delegating authorities, shifting responsibilities and resources to local governments from the central where local people receive direct services. Recent political movements and outbursts of disappointment to the approach of centralized governance in Nepal reflect the need for careful and thorough review and analysis of matters of state restructuring, federalism, autonomy and local governance.

1.1.1. DEFINING USER COMMITTEE AND THEIR FUNCTION

A user committee harnesses the collective efforts by people to overcome defined problems and achieve results in a certain geographical location. The concept of a user committee emerged to institutionalize this integrated participatory development approach. Traditionally, user committees came into existence for fulfilling social needs, developing small infrastructure, and advancing community aspirations. These institutions were precious in nature and encouraged Nepal's long tradition of volunteerism for social development, where the formation and functions of users committee has been valuable.

After the enforcement of Local Self Governance Act (LSGA) 1999[1] and Local Self Governance Regulation (LSGR) 2000, the role and scope of user committees have been well defined and more institutionalized. Local Body Resource Mobilization and Management Guidelines, 2069 defines the term "User Committee" as a committee formed by the persons who directly benefit from any program to be implemented at the local level, which comprises of those persons selected by them, from amongst themselves to maintain and operate such a program. Furthermore, LSGA principally envisages and articulates the spirit of people participation, from planning to implementation. Participatory planning process adopted at the local level has emphasized that planning be socially adaptable, culturally acceptable and environmentally viable. It stresses community ownership and control of local infrastructure. It is the concept of fulfilling development needs at the local level by mobilizing local people for their community development. Thus, user committees can also be defined as grass roots units that practice the process of decentralization and localization of development, ensuring the ownership of community in their own work.

Entrusting local people with development work by establishing functional groups as user committees started in Nepal in the 90s when the multiparty democratic system was reinstated. As part of a democratic governance system, people's participation in development was legally provisioned in the Local Self Governance Act (LSGA), 1999. The principle of LSGA is to mobilize and direct user groups in planning and executing local level development projects to promote citizen accountability and vigilance on government resources. This allows for greater local ownership over government investments in development programs and projects, and prioritizes them using local technology and resources.

Similarly, the Local Body Financial Administration Regulation (LBFAR), 2007 expounds on the assignment of project work to user committee, including procurement procedures. User committees are responsible for implementing projects

1 Local Self-governance Act (LSGA), 1999 is considered as guiding principle for functioning, operating and institutionalizing the local bodies.

mostly at the VDC level. However, their limited capacity to identify needs, plan, budget, implement, keep records and share benefits seriously hinder the effective use of assigned resources. They lack knowledge of financial procedures, regulations and accounting practices, leading to the possibility of mismanagement, misappropriation and manipulation of funds.

Nepal has a culture of voluntary participation in development work. In past, people have contributed their labor for projects providing them with basic services as well as those for the national interest. When the government started allocating development grants for local development through local bodies, public procurement became one of the most important activities of the government. Using public money for public services has high potential for corruption, resulting in high public expectations on the bureaucracy to maintain integrity and honesty. These days, the image of any government, particularly in the developing world is largely influenced by the quality and integrity during public procurement processes. Internationally, a procurement process has been adopted as an in-built mechanism that allows for better governance through a fair, transparent, and results oriented public procurement system. It is closely associated with good governance, and an indicator of the public image of the government.

1.1.2. ACCOUNTABILITY IN LOCAL BODIES'[2] (LBS)

According to the legal provisions of the LSGA, LSGR, and LBFAR, local bodies are independent with their own executive power. The local government needs to perform their duties promoting downward accountability[3]. All local development agendas and community needs will be collected through Ward Citizen Forums (WCFs) or ward committee, and after being reviewed by an Integrated Planning Committee (IPC)[4], the plans and programs will be proposed in the local body council meeting, which decides on the funding.

2 District Development Committee, Municipality and Village Development Committee are taken as Local Bodies in Nepal. Nepal is administered by 75 district, 191 Municipality, and 3276 VDCs.

3 Downward Accountability is taken as a part of local governance system.

4 Integrated Planning Committee is one of the 14 steps planning process of local bodies where different sectors' plans are assessed and discussed then precedes accordingly to local body council for approval.

As a practice of democratic norms, fiscal information on public funds earmarked for development should be available to the general population, creating awareness and engaging the public on the community's development efforts. Hence, public finance management emphasizes administrative accountability that results in more transparency and less corruption, improving economic efficiency and effectiveness. Social accountability mechanisms complement and enhance conventional internal (government) mechanisms of accountability. All forms of governments have internal mechanisms in place to promote or ensure accountability of their employees. These include the political mechanism for constitutional constraints, separation of powers, legislature and legislative investigative authority, a formal system of auditing and financial accounting, hierarchical reporting in administrative sector, public sector probity, codes of conduct, rules and procedures for transparency and oversight, legal mechanisms like corruption control agencies, ombudsmen and the judiciary. Social accountability includes efforts to enhance citizen knowledge and accountability through greater transparency and civic engagement. Strengthening legislative oversight and link between parliamentarians, citizens and civil society organizations are also important ways to enhance social accountability.

Every government aims to uplift the living standards of its people by assigning resources that assures effective service delivery, and maintaining efficiency in the implementation of development programs. The government of Nepal has been allocating financial resources to the local level through annual and periodic plans. It has adopted several strategies, which include a mechanism targeting development plans and programs towards the poor. This has proven to be an effective method in getting resources down to the local level, as well refining the practices of local governance processes, arranging institutions, mobilizing local communities, and local revenues with the support of central line ministries and donor partners. LSGA is significant in establishing the accountability of local governments to the community. The government has taken several steps like "Decentralization Implementation and Monitoring Committee (DIMC)", "Decentralization Implementation and Monitoring Working Committee", "Local Infrastructure Development Policy 2004", to maintain social accountability at the local and national levels.

The Interim Constitution of Nepal (2006) has ensured an environment conducive to promoting people's participation at the grassroots level, creating local self-reliant institutional mechanisms to provide services to the people via a decentralized mechanism as an integral part of governance. The provision of LBs, District Development Committee (DDC), Municipality and Village Development Committee (VDC) is a balanced approach in resource mobilization, allocation and equitable distribution of development gains. The delineation of role and responsibilities of LBs are the major parts of the Constitution to ensure accountability and good governance in planning and implementation of local level services.

The government of Nepal, over the last three decades, has strived to mobilize local resources and engage citizens in development projects at the local level. Through 4,000-plus LBs/institutions operating in the country, development grants are channeled through citizen-formed UCs under a formal agreement that allows citizens to plan, implement and maintain demand driven programs and infrastructure development projects. This system is assumed to have three distinct advantages over agency-implemented programs: a) it mobilizes direct stakeholders in planning and executing local level projects; b) it promotes citizen accountability and vigilance on government resources; and c) it allows for greater local ownership over government investments in development programs and projects.

Formation of a user committee from amongst the community itself is a unique approach to make citizens accountable and responsible in the local development process. The government has endorsed a specific directive to engage user committees for their development based on Local Self-Governance, Act 2055 (1999). The Local Resource Mobilization and Management Guideline 2069 Clause 25 'A' has provisioned the inclusive form of user committees selected from amongst the beneficiaries by consensus. The directive incorporates terms and conditions that a user committee needs to follow while implementing the project.

However LBs have been facing several challenges in implementing these government efforts to enhance social accountability. The absence of elected representatives in local bodies since 2002 has seriously affected the local governance process over the last decade in the country. To compensate for this absence, the government assigned civil service employees to run local bodies. Currently, a Local Development Officer (LDO) leads DDCs, municipalities by an Executive Officer, and VDC's by a VDC Secretary. Due to a lack of staff, and the traditional structure of VDC administration, VDC services have not been delivered as per public requirements and aspirations. VDC secretaries are also not very effective in providing services at the local level, creating a significant gap between demand and supply sides.

In the post conflict era, the role of LBs is gradually increasing. Maintaining social harmony and fulfilling developmental needs are other essential tasks of LBs. In the absence of elected leadership in LBs, political parties are not dedicated to capitalizing on their commitment to strengthen local self-governance. Their actions are not supportive of the LBs' efforts in delivering public goods and services, and maintaining accountability in local development. Despite the gradual improvement of the political situation after the conflict, some parts of the country have still been experiencing pressure from political extremists. Marginalized people still experience lack of awareness and inadequate access to government resources and services. There is a need to increase the access of socially marginalized communities as a part of social accountability.

1.1.3. CONTEXTUAL FACTORS INFLUENCING SOCIAL ACCOUNTABILITY IN NEPAL

The first Constituent Assembly (CA), entrusted with the task of promulgating a new constitution, could not finish the task because of a lack of political consensus, dispute in political agendas and lack of accountability of the political parties. The country was compelled to go for a re-election of the CA. While political parties and the reelected CA tried to achieve the common agenda of promulgating the constitution by 22 January 2015, there is still no clear pathway to do so. The commitment made by the political parties to hold local elections within six months of the CA elections is still pending, and LBs' election has not become apriority for the country.

Civic engagement and social accountability in Nepal are framed and influenced by a number of underlying factors such as the effects of the decade-long conflict during1996-2006, political transformation, governance issues, the nature and history of relationships between citizens and the state, and the specific characteristics of Nepali civil society and the media.

1.1.4. POST-CONFLICT CONTEXT ON SOCIAL ACCOUNTABILITY

The fragile and uncertain nature of Nepal's peace process has created challenges in rebuilding the country's economy, physical infrastructure and political institutions. The current political stalemate has been hindering efforts for lasting peace. Problems of the community and community-based institutions have not been properly addressed. Grievances of the public are not well recorded and addressed. Young people are leaving rural areas due to a lack of opportunities, and only children, women and senior citizens are left behind. The developmental works at the local level lacks people's participation.

1.1.5. PROVISION OF CIVIL SOCIETY

Civil society constitutes of groups of people organized for the good of society. While civil society is important, there is no legal provision to acknowledge civil society in Nepal. The promulgation of Associations Registration Act, 2034[5] has allowed for the registration of informal groups for their legal identity. However, many groups are emerging and claiming that they are civil society. They have political linkages and holdings with political parties, and even the government has to recognize them as civil society. Because of identity politics, many ethnic minorities and castes groups have begun to be formally organized under the cover of civil society. In the context of this study, user committees are also seen as a part of civil society.

5 Associations Registration Act was enacted to make provisions on establishment and registration of social, religious, literary, cultural, scientific, educational, intellectual, physical, economical, vocational and philanthropic associations in 2034 (1977).

1.2. OBJECTIVES OF THE STUDY

The objective of this study is to document the evolving practices and accountability standards of UC-based fund flow mechanism at the local level, and to recommend policy changes to the government, especially to the Ministry of Federal Affairs and Local Development. Specific objectives are as follows:

- To review the UCs related act, policy and guidelines of the Ministry of Federal Affairs and Local Development (MoFALD) and its implementation status at the local level,
- To analyze the accounting system of UCs and find its weakness and challenges,
- To assess the practices of UCs.

1.3. SCOPE OF THE WORK

The study reviewed the practical implications of regulations and guidelines related to the involvement or mobilization of user committees, and to determine the compliance level of user committees. The study focused on:

- Conducting a sample-based research to evaluate governance and accountability practices of UCs,
- Conducting consultative meetings for the research design, regional workshops to share and validate the preliminary data collected from the field, and national consultative workshops on the policy reform for the effective implementation of UC guidelines.
- Carrying out FGDs, KIIs and surveys with structured questionnaires.

1.4. LIMITATION OF STUDY

- This study is focused on UC formation, management and operation under the LBs. It is estimated that there are more than one hundred thousand projects implemented through UCs. Of that, only 100 user committees were sampled for the study.
- Of the 75 districts, only 5 districts with selected UCs were interviewed.
- Only 15 Focus Group Discussions (FGDs), 20 Key Informants Interviews (KIIs), and 3 regional consultation meetings were carried out.

CHAPTER TWO

2.1. RESEARCH METHODOLOGY

2.1.1. RESEARCH APPROACH AND DESIGN

The approaches used in this study are descriptive and exploratory. The team collected individual UC level data related to policy, processes, practices and predictability that are qualitative in nature. The team supplemented this data with qualitative observations of peoples' actions and situations during the field survey.

The study was carried out with structured research design. The study incorporated key informants' interviews at central and local levels, and focus group discussions. The research design was entirely based on primary data collection. However, annual reports, booklets, and other relevant publications were consulted.

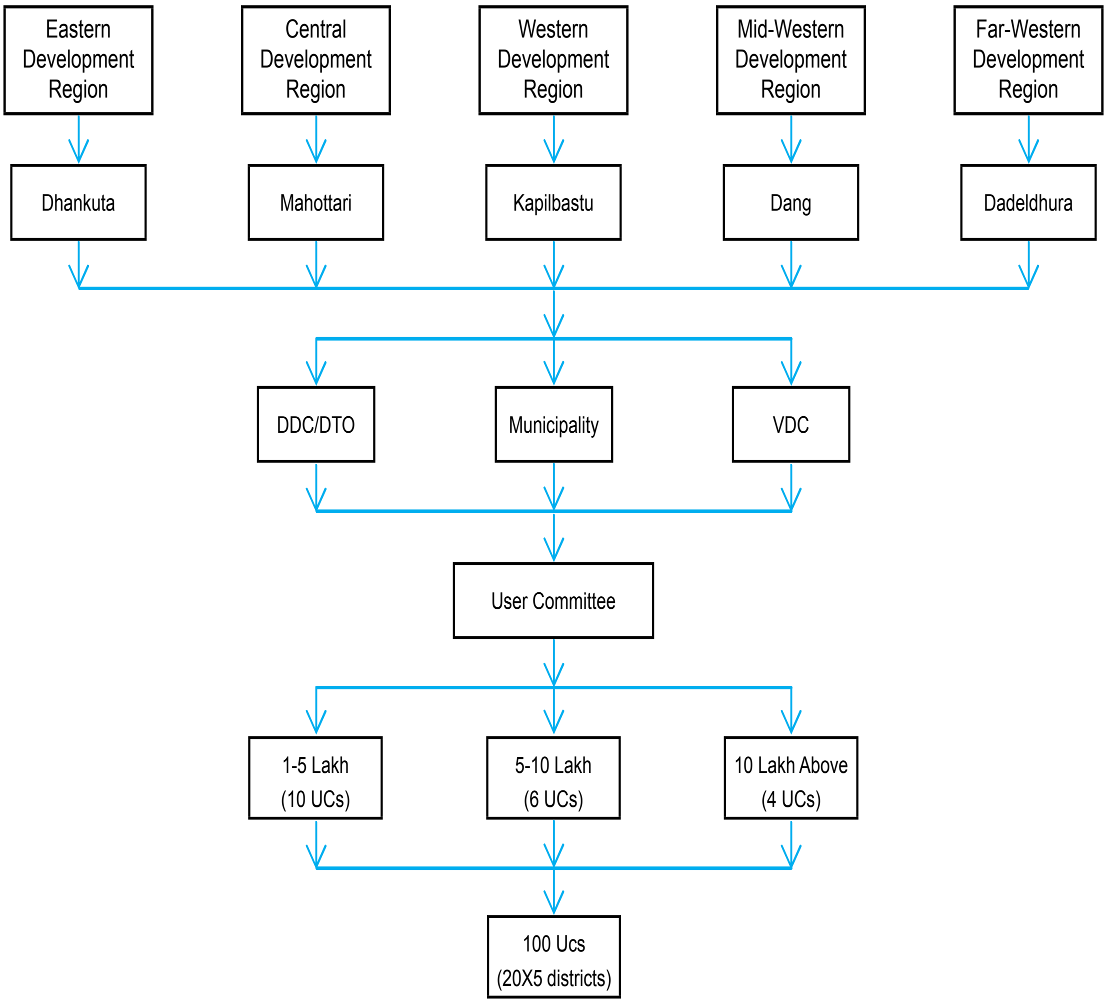
2.1.2. RESEARCH STUDY AREA

The study area was purposively selected with guidance from stakeholders at the pre-consultation meetings. However, the districts were chosen with various indicators such as assuming representative ecological region & political region, and highest-lowest Minimum Condition and Performance Measures (MCPM)[6] score. The study work sampled UCs of Dhankuta from the eastern, Mahottari from the central, Kapilbastu from western, and Dang from the mid-western and Dadeldhura from the far-western regions. The UCs were selected from VDCs of aforementioned districts. 100 UCs were sampled from five districts with 20 UCs in each district.

6 MCPM is a tool to evaluate local bodies (DDC, Municipality and VDC) with different indicators related to act, and regulation as to adhere by the local bodies. Ministry of Federal Affairs and Local Development allocates DDC/Municipality/VDC Grant accordingly.

2.1.3. DESIGN OF ANALYTICAL FRAME WORK

To complete the given task effectively and efficiently, the study team developed the following analytical framework based on given objectives and scopes:



2.1.4. TYPES OF DATA

Both primary and secondary data were used in this study. The primary data were gathered mostly through observation, focus group discussions, key informant interviews, and panel discussions with stakeholders. The secondary data were extracted from sources like published legal provisions.

2.1.5. DATA COLLECTION METHODS

2.1.5.1. REVIEW LEGAL PROVISION

As a part of secondary data collection, the legal provisions of UCs were reviewed and analyzed. The Local Self-Governance Act, 1999; Local Self-Governance Regulations, 2000; Local Body Financial Administration Regulations (LBFAR), 2007; Public Procurement Act, 2006; Local Resource Mobilization and Management Guidelines, 2012; the Interim Constitution of Nepal, 2007 and Directive of Ministry of Federal Affairs and Local Development documents were referred to regarding User Committee Formation and Operation .In addition, published reports and books were also consulted.

2.1.5.2. FOCUS GROUP DISCUSSIONS

Focus Group Discussions (FGDs) were a major source of information in this study. A total of15FGDs were conducted, with an average of 3 FGDs per district, with about 15 participants each. Local representatives of political parties, UC representatives, users, and others participated in the FGDs.

2.1.5.3. KEY INFORMANT INTERVIEWS

Key Informant Interviews were carried out, especially with Chief District Officers (CDOs), Local Development Officers (LDOs), Chief of District Technical Office (DTO), Executive Officer (EO) of Municipality, Women Development Officer, and VDC Secretaries of sampled districts.

2.1.5.4. STRUCTURED QUESTIONNAIRE

As the major task of the present study was to examine the practical implications of the UC guidelines, a structured questionnaire was prepared to quantify how practical it was for the UCs to follow the guidelines. The sample 100 UC's had a total of 29 variables to assess compliance and how UCs had been practicing guidelines.

2.1.6. PRE-CONSULTATION MEETING

In the course of research design, a pre-consultation meeting was held with experts and stakeholders to ensure that the study will move in the right direction.

2.1.7. REPORT SHARING WORKSHOP

A report-sharing workshop was held to consolidate the research findings and recommendations being explored during the study with experts of local governance, government officials, former civil servants and policy practitioners who were also involved at different levels of discussion.

CHAPTER THREE
DATA PRESENTATION, REVIEW AND ANALYSIS

3.1. DATA PRESENTATION, REVIEW AND ANALYSIS

This chapter reflects the data collected from the field from primary sources, and review of legal provisions, and analyzed to shed light on the compliance of UCs with these provisions.

3.1.1. REVIEW OF LEGAL PROVISION RELATED TO USER COMMITTEE

One of the objectives of the study is to review legal documents that relate to User Groups/Committees. The study team reviewed the Local Self Governance Act, 1999; Local Self Governance Regulations, 2000; Local Body Financial Administration Regulation (LBFAR), 2007, Public Procurement Act, 2006, Local Resource Mobilization and Management Guideline, 2012, the Interim Constitution of Nepal, 2007 and Directive of Ministry of Federal Affairs and Local Development regarding User Committee Formation and Operation. The following provisions were stated in these documents.

3.1.2. THE INTERIM CONSTITUTION OF NEPAL, 2007

The Interim Constitution of Nepal 2006, has ensured an environment conducive to promoting people's participation at the grassroots level, creating local self-reliant institutional mechanisms to provide services to the people via a decentralized mechanism as an integral part of governance. The provision of LBs, District Development Committee (DDC), Municipality and Village Development Committee (VDC) is a balanced approach in resource mobilization, allocation and equitable distribution of development gains. The delineation of role and responsibilities of LBs are the major parts of the constitution to ensure accountability and good governance in planning and implementation of local level services.

3.1.3. LOCAL SELF-GOVERNMENT ACT (LSGA), 1999

Local Self Governance Act (LSGA) 1999 remains a milestone that allowed for local bodies (LBs) i.e; District Development Committee (DDC), Municipality and Village Development Committee (VDC) to be independent self-governing institutions. According to the LSGA, the following principles and policies need to be pursued for the development of local self-governance system in Nepal: (a) Devolution of powers, responsibilities, and means and resources as required to make LBs capable and efficient in local self-governance. (b) Building and development of institutional mechanism and functional structure in LBs capable of considering for local people and bearing responsibilities (c) Devolution of powers to collect and mobilize such means and resources as are required to discharge the functions, duties, responsibility and accountability conferred (d) Having the LBs oriented towards establishing a active civil society based on democratic process, transparent practice, public accountability, and people's participation, in carrying out the functions entrusted on them (e) For the purpose of developing local leadership, arrangement of effective mechanism to make the LBs accountable to the people in its own areas (f) Encouraging the private sector to participate in local self-governance in the task of providing basic services for sustainable development.

LSGA has made provisions for administrative, managerial and legal authorities to LBs. These LBs (DDC, Municipality and VDC) can collect revenue from the mobilization of local resources, charging nominal service fees and taxes. Fiscal decentralization also provides LBs with the authority and responsibility for expenditure, collection of tax and non-taxable revenue, intergovernmental resource transfer (grant, assistance) and internal and external loan collections. According to the LSGA Clause No. 28, there are 10 subjective areas of services from VDC. Clause No. 96 explains the subjective service areas of Municipality and DDC's role and subjective service areas are mentioned in clause No. 189.

3.1.4. LOCAL BODY FINANCIAL ADMINISTRATION REGULATION (LBFAR), 2008

Local Self Governance Act (LSGA) 1999 remains a milestone for the Local Bodies (LBs) i.e; District Development Committee (DDC), Municipality and Village Development Committee (VDC) to be independent and self-governing institutions. According to the LSGA, pursue the following principles and policies for the development of local self-governance system in Nepal that (a) Devolution of powers, responsibilities, and means and resources as are required to make the Local Bodies capable and efficient in local self-governance. (b) Building and development of institutional mechanism and functional structure in LBs capable of considering for local people and bearing responsibilities (c) Devolution of powers to collect and mobilize such means and resources as are required to discharge the functions, duties, responsibility and accountability conferred (d) Having the LBs oriented towards establishing a active civil society based on democratic process, transparent practice, public accountability, and people's participation, in carrying out the functions entrusted on them (e) For the purpose of developing local leadership, arrangement of effective mechanism to make the LBs accountable to the people in its own areas (f) Encouraging the private sector to participate in local self-governance in the task of providing basic services for sustainable development.

LSGA has made provisions of administrative, managerial and legal authorities for LBs. These LBs (DDC, Municipality and VDC) can collect revenue from the mobilization of local resources, charging nominal service fees and taxes. Fiscal decentralization also mandates authority and the responsibility for expenditure, collection of tax and non-taxable revenue, intergovernmental resource transfer (grant, assistance) and internal and external loan collections to LBs. According to the LSGA clause No. 28, there are 10 subjective areas of services from VDC. Clause No. 96 explains the subjective service areas of Municipality and DDC's role and subjective service areas are mentioned in clause No. 189.

3.1.5. PUBLIC PROCUREMENT ACT, 2007

As per Public Procurement Act 2006 chapter 2 clause 4: The description of Goods, Construction Works and Services to be Prepared has mentioned the procurement process (1) Prior to procuring goods, construction works or services, a Public Entity shall have to prepare a specifications, plan, drawing, design, special requirement or other descriptions pertaining thereto (2) The description as referred to in Sub-section (1) shall be prepared on the basis of relevant objective technical and quality characteristics and functions of such goods, construction works or services. Hence, the public procurement process follows the objectives for every step and selection of bidder based on qualification, evaluation the bid document and notice of contract award, is an inbuilt system. All these features in the public procurement system can be scrutinized by the public, enabling good governance standards and procedures to ensure government accountability.

3.2. FIELDWORK AND ANALYSIS

The study was carried out in Dhankuta, Mahottari, Kapilvastu, Dang and Dadeldhura districts; one from each of the development regions. The field study consisted of visits to UCs, meetings with officials of LBs, discussions with the District Administration Office, District Technical Office, Child and Women Development Office and political party representatives. Data of each district is analyzed as follows:

3.2.1. MAHOTTARI DISTRICT

Mahottari district, located in the Terai region was selected as a sample district from the Central Development Region. It is among the lowest scoring districts in Minimum Conditions and Performance Measures (MCPM) ranked by the government. The team carried out three FGDs and five KIIs.

3.2.1.1. STATUS OF USER COMMITTEE IN MAHOTTARI

The team visited 20 UCs in Mahottari. Out of that 11 UCs were from VDC, 4 from DDC and remaining 5 from municipality. The team sampled 10 UCs having total projects worth 0.1-0.5 million, eight UCs having 0.5-1 million and two UCs having a total budget amount of more than 1 million. The detail of UCs under the study is presented in figure 1.

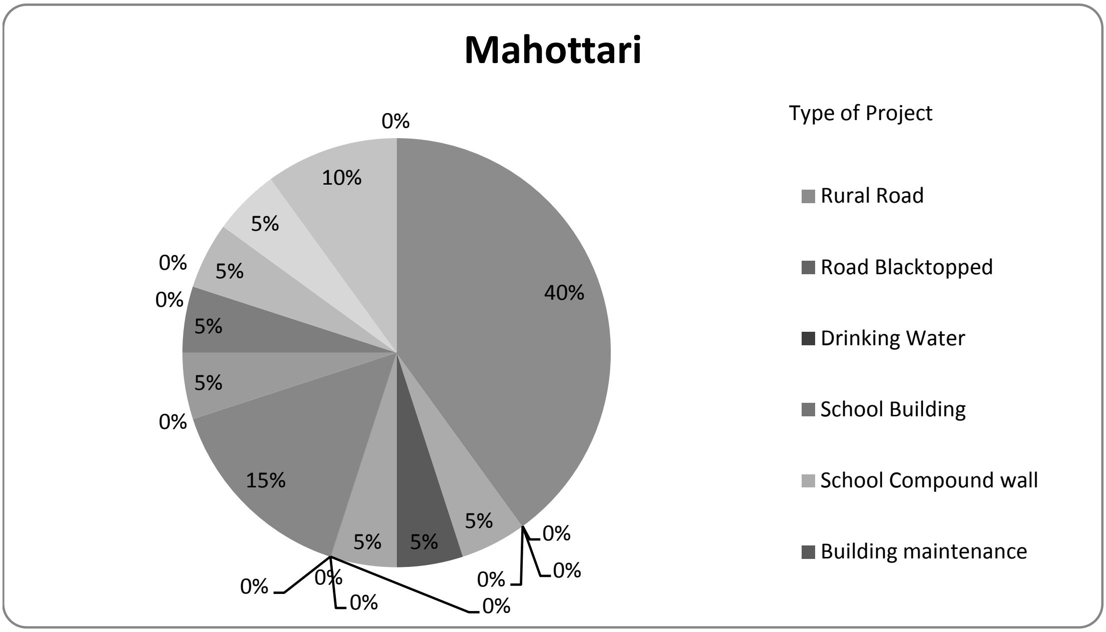


Figure 1: Type of Project in Mahottari District

Figure 1 shows that out of 20 UCs, 40% projects in road, 15% culvert construction, 10% in drinking water well constitute 40%, 15% and 10% of the total project.

3.2.2. DHANKUTA

Dhankuta, situated in the Eastern Development Region, is regarded as a first tier district in MCPM evaluation system. The development activities at the local level, functioning of UCs were found distinctly different than that in Mahottari. During the study, 5 key informant interviews, and 3 FGDs were conducted with UC members, local political leaders, concerned persons of LBs and members of UCs.

3.2.2.1. STATUS OF USER COMMITTEE IN DHANKUTA

Altogether 20 UCs of Dhankuta Municipality, Pakhribas, Bhirgaun, Numja, Bhedetar, and Rajarani VDC were observed and interviewed to get their views on how the UC guidelines help them while managing the project. Out of 20 UCs, nine UCs with projects in the amount of 0.1-0.5 million, four UCs between 0.5-1 million, and seven UCs having more than 1 million, were selected.

Dhankuta, having scored the highest in the MCPM, was distinctly different than other districts studied. Unlike other districts, UCs in Dhankuta are registered as legal entities. Lifetime of most of the UC run projects was more than 60 days. Nature of UC run projects seem to be a bit innovative such as wetland conservation and model village.

Figure 2 shows the type of UCs visited in Dhankuta. Out of 20 UCs visited, road project constitutes more than 50 percent, followed by drinking water, school building and other projects.

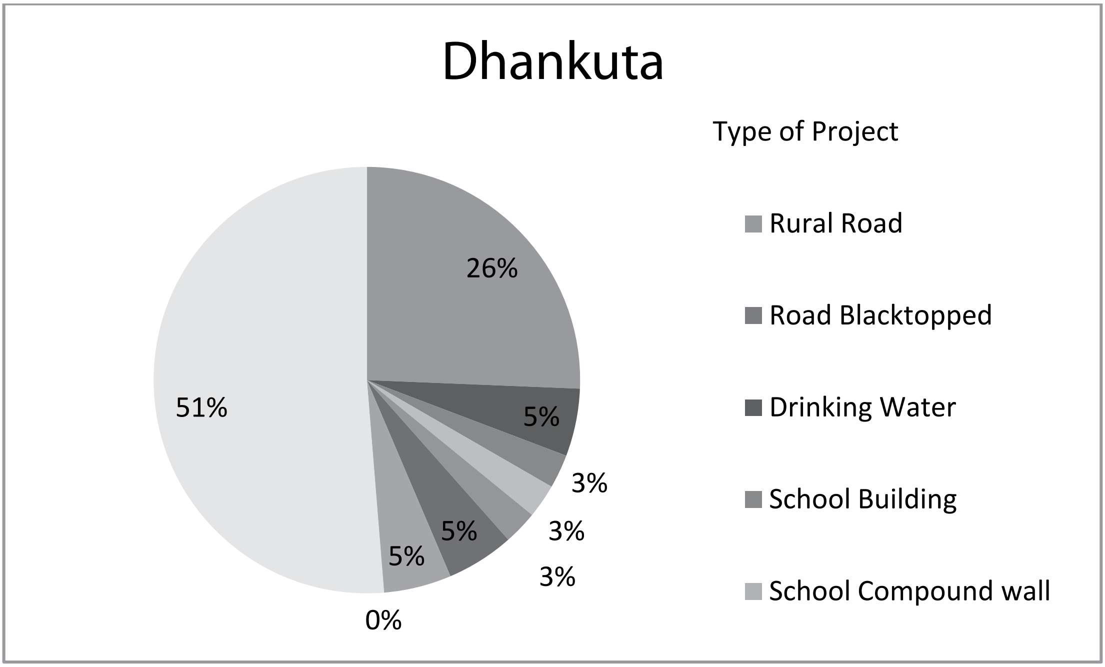


Figure 2: Type of Project Dhankuta District

3.2.3. DADELDHURA

Dadeldhura, situated in the Far-western Development Region, is regarded as an average performer in the MCPM evaluation system. The development activities at the local level, functioning of UCs were good. During the study, 5 key informant interviews, and 3 FGDs were conducted with UC member local political leaders, concerned persons of LBs and members of UCs.

3.2.3.1. STATUS OF USER COMMITTEE IN DADELDHURA

Out of the 20 UCs, 10 UCs with projects worth 0.1 - 0.5 million, 6 with 0.5- 1 million and 4 costing above 1 million were examined during the study to see how the UCs of Dadeldhura are following the guidelines. Project life of small size project (0.1-0.5 million) and medium size project (0.5-1 million) is almost the same, except in some cases.

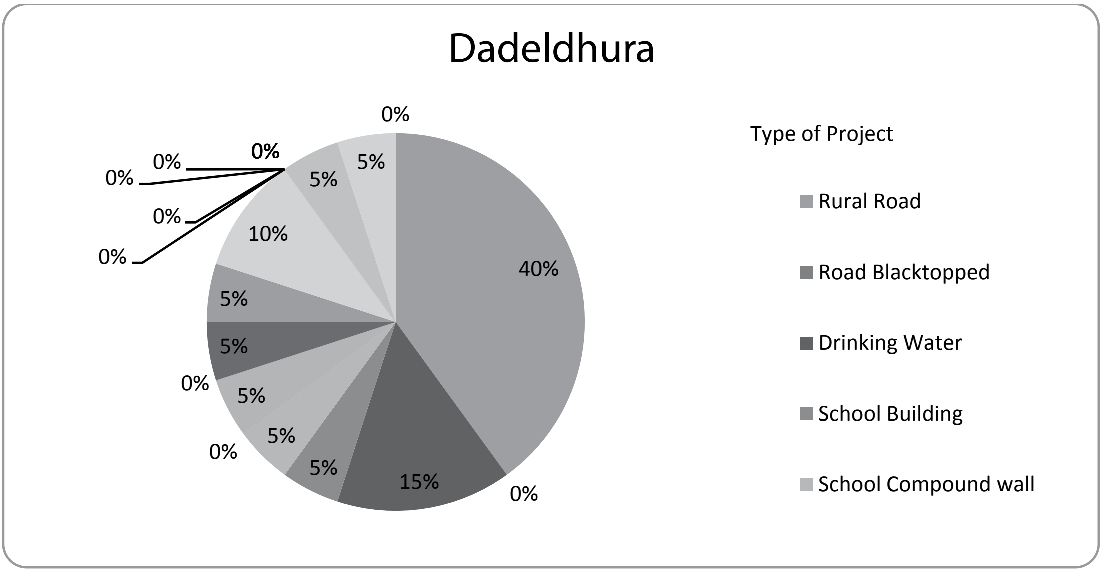


Figure 3: Type of Project, Dadeldhura District

Type of projects implemented by the UCs of Dadeldhura was not different from that of other districts (Figure 3). A majority of the projects being implemented are related to road and drinking water, constituting 40 and 15 percent respectively. Similarly, building construction projects are also implemented.

3.2.4. DANG DISTRICT

Dang was selected as a sample district from the Midwest Development Region. Dang is a mid-hill and Inner Tarai district with 2 municipalities and 38 VDCs. It is the best performing municipality under the MCPM evaluation system and UCs are more active than in other sampled districts. In a municipal area, local populations are in competition for the implementation of cost sharing projects. During our fieldwork, we visited some of the UC blacktopping their roads in the municipal area. However, we noticed the DDC's frustration with UCs because none of them were implementing projects on their own using local resources, but had hired contracting companies.

3.2.4.1. STATUS OF USER COMMITTEE IN DANG

Out of 20 UCs, 12 UCs projects worth 0.1-0.5 million, 2 UCs with 0.5-1 million and 6 UCs with projects costing above one million were assessed during study. The types of project implemented by the UCs are presented below. Figure 4 shows that major projects implemented in Dang were related to road, blacktopped road construction, drinking water school, building and irrigation. Variation of the projects in Dang is less than in other districts. However, projects that require technical expertise and equipment were implemented, a distinct scenario of Dang.

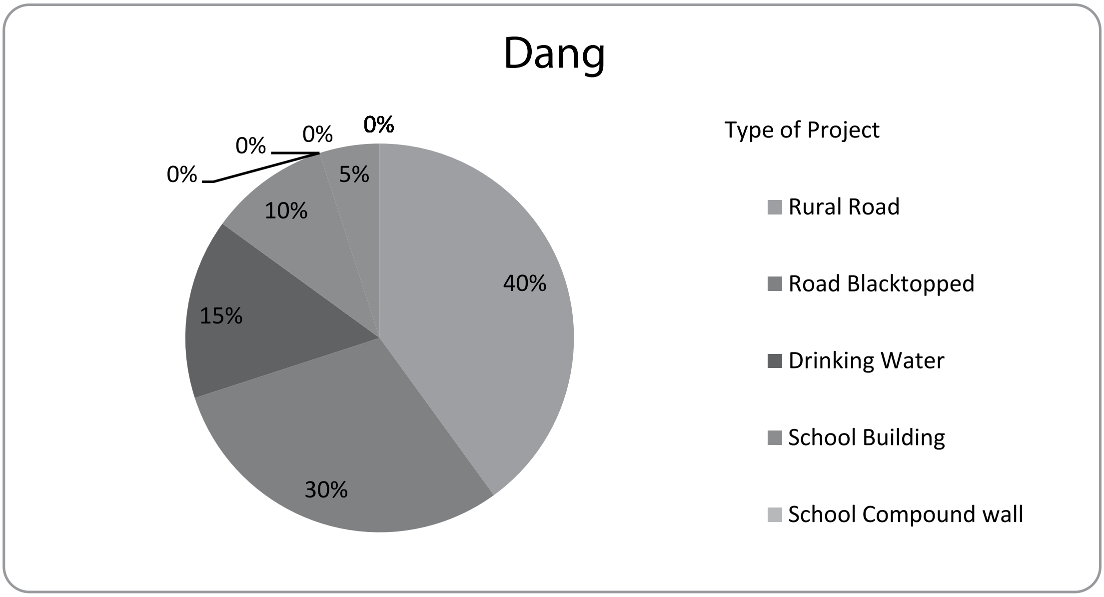


Figure 4 : Type of Project in Dang District

3.2.5. KAPILVASTU DISTRICT

Kapilvastu was also included in the study because it is in the Western region of the Tarai, and scored very poorly in the MCPM evaluation system. During the study, 5 key informant interviews, and 3 FGDs were conducted with UC members, local political leaders, concerned persons of LBs and members of UC's. The work commenced from the newly established Shivaraj Municipality (then Birpur VDC); and Niklihawa, Hathausa VDCs, and then the Taulihawa Municipality and DDC Kapilvastu.

3.2.5.1. STATUS OF USER COMMITTEE IN KAPILBASTU

Out of the 20 UCs, seven UCs worth0.1-0.5 million, seven costing 0.5-1 million, and six having project costs above 1 million were visited. Majority of the UCs visited were related to road construction (Figure 5). Some were related to building construction and some culvert construction. Within the studied UCs, 14 were operating with DDC's grant, five were running with mutual grant of DDC and VDC, and the rest were running with municipality grant. Unlike other districts, the project life was found almost the same irrespective of the kind and size of the project.

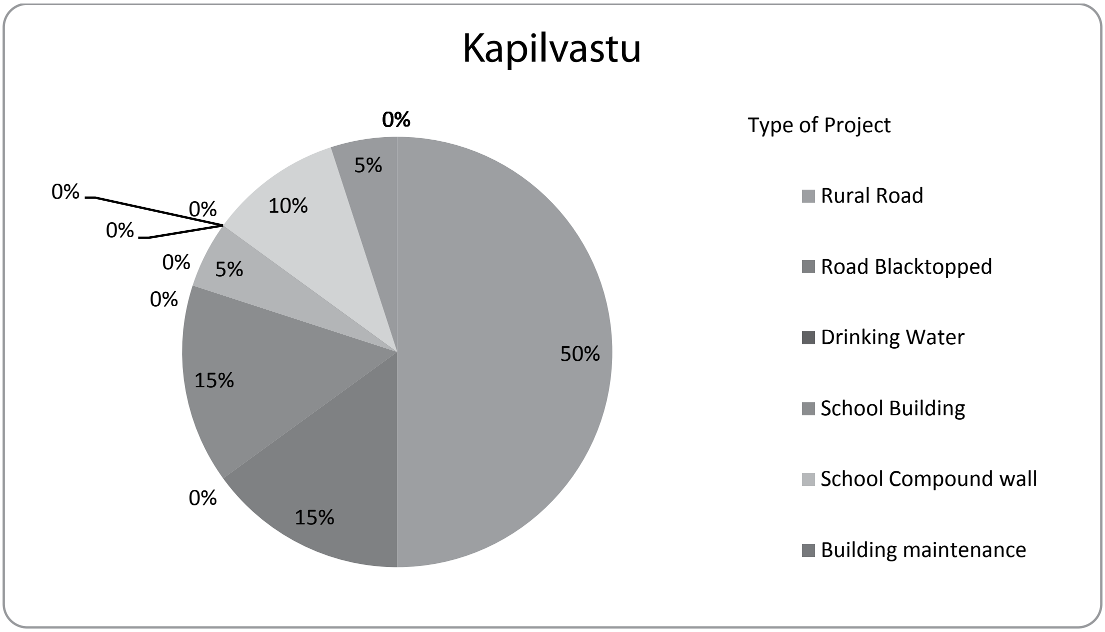


Figure 5: Type of Project Kapilvastu District

The figure 5 also shows the types of project implemented by the UCs of Kapilvastu. The compliance level of UCs being studied have implemented seven types of projects where road projects constitutes 50 per cent, road blacktopped, and school building 15 percent, school compound wall 10 percent and other projects 5 percent each.

3.3. SUMMARY OF FGD AND KII

3.3.1. FOCUS GROUP DISCUSSION

Focus Group Discussions (FGDs) were an important research tool for qualitative data collection in this study. These FGDs were held between June and August 2014. Selected stakeholders from user committees, representatives of local political parties, government officials, social leaders, and journalists were identified and invited to attend the discussions. Altogether, about 260 people participated in the focus group discussions. The size of each focus group was small in order to hold a constructive dialogue. The FGDs had 12 to 20 participants, with an average of 16 participants per meeting. Altogether 15 FGDs were held in the sampled districts, with three FGDs per district.

Each group discussed important aspects of the Comprehensive Evaluation of UC Policies and Practices. The research team facilitated each meeting and probed different aspects such as administrative, managerial, technical, financial, accountability, monitoring and evaluation related to UC establishment and operation. The following reflects the responses of the participants of FGDs, on each of these aspects.

- Common problems in the field were related to gaps between LBs and UCs. Most of the participants opined that due to the absence of elected representatives in local institutions, they experienced hurdles such as delayed budget release at the local level, incapable targeted beneficiaries in executing the allocated resources, weak practices of inclusion and participation resulting in dominance of elites in UCs, and lapses in effective monitoring by both at the local level.
- A Focus Group Discussion was conducted with a Road Construction UC from Hathausa VDC, Odari, which clarified policy constraints of not allowing any machine equipment to the UCs. This has compelled them to contract and implement of road black topping work under a cost-sharing scheme.
- The participants of the FGDs shared their views on needed modifications to the UC guidelines. They insisted that a provision of effective orientation

training for the efficient management of their work be mandatory. Moreover, they suggested setting up certain norms, which could improve the relationship between UCs and LBs, and lead towards more accountability. They demanded strong punishment for corrupt staff working in LBs, which is only possible if the central level monitoring is effective.

- UCs also raised the concern of in the delay of the budget release, and were against the provision of users' contribution in advance cash deposit in LBs' designated account prior to signing the agreement for the community infrastructure project. They argued that such a provision has compelled users to either invite a contractor to work, or to select a chairperson from among the rich and elite who can deposit money on the users' behalf, rather than from among the real users of the project. This has decreased the motivation of the UCs, as they are obliged to invest personal money for project execution.
- During the discussions, a majority of the UC members raised concerns about the lack of provision of administrative and management expenses of the UCs. In addition, to enhance their functioning, they also emphasized the need to train key personnel within the UCs, as well as the general membership.
- Some VDC secretaries were of the opinion that unnecessary and excessive guidelines issued by the Ministry to the VDCs have confused them. They further stated that VDC secretaries did not have enough time to provide guidance to the UCs to make them effective. The government should be serious in assigning additional human resources at the VDC level to meet such capacity constraints.
- The District Council as well as the central level should prioritize plans proposed by the Village Council, which gives importance to a need-based program formation mechanism at the village level.
- During a focus group discussion with UC members and local political leaders associated with local development processes at Taulihawa, participants pointed out that there are many provisions in the operation guidelines that were not

favorable to local level decision-making and managing development projects. The guidelines were against the spirit of democracy, as they minimized the role of the politicians. Most of the political party representatives were against the guidelines and lapses in orientation by the government official/s authorized to run the LBs.

- UC members present in the discussions were of the view that: 1) concerned local governments should provide effective orientation training to the UCs, 2) budget release should be timely, 3) formation and execution of UCs should be made case-specific, 4) work norms and rate analysis of the local government should be compatible with the local market, 5) provision of cost-sharing partnership and users' contribution should be made case specific.
- Focus Group Discussions with local political leaders were concentrated on how political decision-making can pave the way for increased local development. There was concern raised about the political vacuum at LBs that has created difficulties in mobilizing UCs due to political influence in UC formation as well as project selection by LBs. Reciprocal relationships between LBs, political parties and UCs were the major issues hindering the establishment of real users' groups. Their committees were arguing for strong government, and accountable political leadership in local development.
- Municipal engineering design, estimate and technical support were well managed with no complications in project implementation. Tole Improvement Committee (TIC)[7] system functioned well for planning and mobilization of local resources.
- Some respondents, especially from the municipality, suggested that when establishing UCs from among users, the guidelines should specify the size of the mass meeting to be held, with the minimum size stipulated in the guidelines.
- Participants also suggested making provisions for the operation and maintenance costs of the project for at least two or more years after project completion.

7 Tole Improvement Committee is usually formed in municipal area as to oversee the small scale activities occurred in daily social life. These committees are enlisted in the roster of municipality.

3.3.2. KEY INFORMANTS' INTERVIEW

Key Informant Interviews (KII) were also crucial research tools to gather information in this study. Key informants from central to local level were involved in 20 KIIs that took place from June to August 2014. The interviewees ranged from subject matter experts, former civil servants, government officials, Chief District Officers (CDOs), Local Development Officers (LDOs), and Chief of District Technical Office (DTO), Executive Officer (EO) of Municipality, Women Development Officer, VDC Secretaries and representatives of political parties. The KIIs touched on a wider range of issues, namely: information about legal provisions, understanding the spirit of the provisions, compliance, adherence and practices of the provisions, and consequences. The following major issues were captured during the key informant interviews:

- What is the mechanism for implementing projects at local level ?
- How are UC's functioning, and how are the projects being implemented ?
- What are the priority sectors for investments at the local level ?
- What is the process of project selection and implementation?
- What sort of the additional technical inputs are provided to UCs for their capacity enhancement ?
- What are the fund flow and disbursement mechanisms, and requirement to be met by the UC ?
- How are the projects monitored, evaluated, and what is the reporting mechanism ?
- Do they have any mechanism for information sharing about the project (target, resources, operation mechanism and timeframe) ?
- What is the grievance handling mechanism and how are grievances addressed ?
- How does the UC work, and do they have interference from or are influenced by the political parties ?
- What is the trend of registering UCs at the District Administration Office ?

Responses to these questions posed during the key informant interviews are illustrated below;

- During the KIIs, the major statement echoed by most of the respondents was that the existing guidelines for formation and operation of UCs is clear, but the implementation part has not been as effective as expected. There is a need to equip UCs with adequate technical capacity related to quality project management.
- Participants were of the opinion that the role of the social mobilizer deputed for local bodies is key to enhancing the advancement and functioning of UCs. It was also reported that the link between UCs and LBs is not functional and accountable.
- There is a mandatory provision of public audits for UCs, but these audits are of poor quality, and appear to be paperwork done with the limited purpose of satisfying requirements for fund release. The formation process of the UCs and their operations are not participatory and inclusive; the involvement of women in UCs is just token.
- Some informants were of the opinion that to avoid last minute rush for project completion, and to assure quality of work, timely fund release by local bodies is essential.
- Likewise, monitoring mechanisms are either weak, or not being followed, and need to be strengthened and implemented. Reluctance to take on given responsibility, and irresponsibility is widely prevalent among UC members.
- There is a need to educate or orient UCs on their role, and responsibility to complete the project. UC members do not have proper knowledge on accounting systems, technical ability, and official operating procedures. Government employees assigned to a particular UC project have many other assignments, and are not able to identify any misappropriations made by the UC.
- Participants suggested that projects should also come from the community, based on their needs and demands, which would create a sense of ownership among the users, and ensure the sustainability of the project.

- It was also pointed out that the provision of equal contribution is impractical since poor and marginalized communities are being deprived of funding from the local bodies because of their inability to contribute to the mandatory matching fund, and only the more affluent communities would be able to use these funds from the local bodies.
- The formation of a UC is also difficult due to the political influence of the current status-quo, some of whom have no apparent respect for the spirit of inclusiveness and participation of marginalized communities.
- Lack of a harmonious working relationship between local bodies and UCs has caused project failures. The trend is for the central government to release funds to local bodies only towards the end of the second trimester or beginning of the third trimester, creating pressure on the UCs to complete the project before the end of the third trimester of that particular fiscal year.
- Ineffective monitoring and evaluation by the government has created room for misappropriation of funds by unscrupulous users.
- Similarly, the district's official rates[8]for goods and services and their market price at a particular time can be incompatible. The market price is usually higher than official estimates, creating problems in work quality, or a deficit in funding.
- There is a provision for the village or district council to endorse projects. However, some of the projects are being implemented without following these provisions, on an ad-hoc basis, breaching the essence of UC guidelines.
- Because of the decade long political vacuum resulting from the lack of local elections, local bodies have low levels of accountability toward citizens. The rights of minorities and their inclusive participation in planning processes have not been ensured.

8 District Rate is annually revisited by the District Level Rate Determination Committee to be followed by the government body working at the district.

- Women's participation in the UCs is not effective enough. Their participation is taken, only to fulfill the provisions prescribed in UC formation guidelines. The guidelines should be modified in a way that could ensure that their voices are incorporated, and they are directly involved in the decision-making process.
- Only disbursement of grants to UCs is not enough. An additional capacity-building package needs to be provided so UC members are able to effectively implement projects, and solve any problems that might arise. Such a package should include accounting and documentation skills to ensure transparency and proscribe corruption.
- Incompetent, inefficient, and corrupt UCs need to be identified and punished under prevailing laws, which encourages legitimate and committed UCs. There are cases reported where real UCs are deprived of project benefits, and cadres of political parties take over the project in the name of citizens, posing as the project's UC.
- A numbers of grievances have been registered at the local administration offices regarding the lack of inclusive and participatory processes in UC formation. Local leaders mostly get their followers to lead UCs, sidelining the actual beneficiaries. There should be a strong mechanism to overcome such problems and malpractices.
- Participants were of the stated that local bodies do not have the capacity to inspect, appraise and validate recorded UC related cases due to insufficient human resources. Additional human resources are required in the local bodies.
- Guidelines for public service delivery mechanisms need to be more practical in order to address the aspirations and needs of the public. The allocation of grants should be based on the capability of a UC to manage the funds. A reciprocal cross-verification mechanism should be established: downward from LBs to UCs and upward from UCs to LBs.

- In some districts, key informants were very skeptical of the behavior of local people, pointing to a nexus between UCs and officials of local bodies, facilitating UC wrong doing and the misappropriation of funds.
- Some respondents opined that although the guideline is useful, it can not address local realities. Local bodies should have the authority to tailor these according to the local context and funds of the UCs.
- One problem has been the failure of users to deposit cash as their contribution prior to project agreement. In cases where the community couldn't deposit the amount right away, local contractors looking for opportunities take advantage of the situation by depositing the 30% contribution, and implement the project on the users' behalf. Communities are obliged to seek money from different sources, including contractors, especially in road construction.
- Respondents suggested making necessary revisions to the pre-requisite of users' contribution so that it won't discourage demand driven initiatives. According to them, the compulsory provision of users' contribution has discouraged the very needy.
- Informants also pointed out that the provisions related to Gender Equality and Social Inclusion (GESI) have not been adhered to in spirit.
- Respondents also questioned the threshold of UC grants which should be limited up to NRs. 0.5 million.
- Respondents expressed concerns about delays in UC formation, and its effect on timely implementation and budget release.
- The need to orient UC members on the work timeline, and make timely implementation a requirement was highlighted. If a UC can not complete the assigned project on time, the project should be implemented through contractors.
- During the KIIs, some respondents were of the view that local elections would fill existing gaps and make UCs and LBs more accountable. Most of the VDC secretaries said that the VDCs are obliged to handle

multiple responsibilities, with insufficient human resources. As a result, implementation compliance of UC guidelines has become weak. An orientation to UCs is not enough to make them capable of handling the project. They need to be trained in accounting, documentation and other administrative work. The VDC is not able to do all this.

- UCs have also been facing difficulties in procurement of materials required for project implementation. Doing this through the local bodies might be a better strategy.

CHAPTER FOUR

4.1. COMPLIANCE LEVEL OF GUIDELINE FROM UC'S PERSPECTIVE

One of the purposes of this study is to examine whether the prevailing guidelines have been properly followed. This chapter reiterates provisions related to UCs, and its actual practice.

4.1.1. STATUS OF UC AND COMPLIANCE LEVEL

A major task of this study was to examine the practical implications of UC guidelines. A structured questionnaire was used to help quantify the practicality of the UC guidelines, and whether they have been adhered to. To check compliance, 29 dependent variables were taken into account.

4.1.2. COMPLIANCE LEVEL OF UCs

The study looked into whether the guidelines have been followed or not during UC formation with respect to inclusiveness, and other areas like account keeping, utilizing local resources, and creating employment opportunities. Of the 100 projects studied, 60 projects were partially compliant, and 32 projects were non-compliant with UC guidelines. Similarly, the level of non-compliance was higher at the district level, which shows that a majority of district level UCs are not strict in following guidelines. During focus group discussions, UC members opined that, due to the lack of workers in rural areas, they are obliged to use equipment. Similarly, the involvement of teachers and politically influenced persons in UCs, and the level of duplication of members between UCs were against provisions. A majority of the user groups were involving members as mentioned above in UCs, disregarding the guidelines. The table 1 shows the compliance level of UC based on project cost category.

Table 1: Project Category based on cost * Compliance level of user committee

		Compliance level of user committee			Total
		Fully Compliant	Partially compliant	non-compliant	
Project Catagory based on cost	100000-500000	5	33	8	46
	500000-1000000	3	12	10	25
	1000000-above	0	15	14	29
Total		8	60	32	100

Source: Field Survey, 2014.

The ideal size of a UC is 7-11 members, which complies with the UC policy. UC's are formed through a larger consensus of users of the project catchment area. However, key informant interviews indicated that the UC formation processes do not follow this clause of UC guidelines, contrary to the claim of UCs. Out of 20 UCs, majority of UC members were from diverse fields such as agriculture, social service, and business.

All UCs surveyed were aware of the mandatory clause for GESI compliance. However, some of them failed to maintain a 33% representation of women, and most failed to depute women in vital positions. A few cases of duplication of members among UCs were also tracked. A majority of the UCs have complied with requirements for GESI, membership from diverse backgrounds, and prevention of duplication among the membership. However, their GESI compliance does not bear the spirit of gender equity, and the participation of women is superficial. Table 2 shows total number of UC member and participation of women in the UC.

Table 2: total uc member * no of women member in key position Crosstabulation

Name of the district			no of women member in key position							Total
			.00	1.00	2.00	3.00	4.00	5.00	9.00	
Dadeldhura	total uc member	6.00	0	0	1	0	0	0		1
		7.00	1	1	4	4	1	0		11
		8.00	0	0	1	0	0	0		1
		9.00	0	0	2	1	1	1		5
		10.00	0	0	0	1	0	0		1
		11.00	0	0	0	1	0	0		1
	Total		1	1	8	7	2	1		20
Dang	total uc member	7.00			3	4	2	0	0	9
		8.00			1	0	0	0	0	1
		9.00			0	2	0	1	1	4
		11.00			1	2	1	1	0	5
		15.00			0	0	1	0	0	1
	Total				5	8	4	2	1	20
Dhankuta	total uc member	9.00			1	6	0	0	2	9
		11.00			0	9	1	0	0	10
		13.00			0	0	0	1	0	1
	Total				1	15	1	1	2	20
Kapilvastu	total uc member	7.00	0		3	1	1	1		6
		8.00	0		1	0	0	0		1
		9.00	1		1	4	0	0		6
		10.00	0		0	2	0	0		2
		11.00	0		0	3	1	1		5
	Total		1		5	10	2	2		20
Mahottari	total uc member	7.00	0	3	8	4	0			15
		8.00	1	0	0	0	0			1
		9.00	0	0	0	3	1			4
	Total		1	3	8	7	1			20

Source: Field Survey, 2014.

The table 2 shows women's participation in UCs in comparison to the total number of UC members in each district. In Dadeldhura district, the highest number of women participation in 4 UCs is with 5 members and 1 in one UC. Similarly, in Dang district the highest participation of women in number is 5 in 2 UCs and 2 in 2 UCs. Likewise in Dhankuta district, 15 UCs have 3 women participation and 2 UCs with 9 women members. In Kapilvastu district, the range of women participation is 2-5 where as it is 0-5 in Mahottari district. By number, there is women participation in almost all UCs but most of the attempts are ritualistic, only to fulfill the provision stated in the guidelines.

Unlike other UCs, UCs in Dhankuta were registered under the Associations Registration Act, 2034[9]. They do not operate like a loose body as endorsed by UC guidelines, but as a legal institution established for a specific purpose. UC registration

9 Associations Registration Act 1977provisions on establishment and registration of social, religious, literary, cultural, scientific, educational, intellectual, physical, economical, vocational and philanthropic associations. (www.lawcomission.gov.np)

in Dhankuta district has created room for the policy discussion. Table 3 shows 9 UCs in Dhankuta registered legally in the District Administrative Office despite the fact that there was no such provision in UC guidelines.

Table 3 : UC Registration

Name of the district		Frequency	Percent
Dadeldhura	no	20	100.0
Dang	no	20	100.0
Dhankuta	no	11	55.0
	yes	9	45.0
	Total	20	100.0
Kapilvastu	no	20	100.0
Mahottari	no	20	100.0

Source: Field Survey, 2014.

4.1.1.1. PROJECT LIFE AND PROJECT SIZE

Project life and project size is another indicator used to analyze UC compliance with the guidelines. The UCs studied have been categorized according to the size of the project implemented: 0.1-0.5 million, 0.5-1 million and above one million. UCs are supposed to complete projects within the time agreed with respective LBs. However, the practice was found to be a bit different. The table below presents level of compatibility with respect to project life and project size. Table 4 shows that there is no direct association between project life and project size.

Table 4: Project Category Based on Cost * Category of Project Life(Days) Cross Tabulation

Name of the district			Catagory of Project life (days)						
			below 100	100-200	300-400	400-500	above 500	continued	Total
Dadeldhura	Project Catagory based on cost	100000-500000	9	0			0	2	11
		500000-1000000	4	2			0	0	6
		1000000-above	0	0			1	2	3
	Total		13	2			1	4	20
Dang	Project Catagory based on cost	100000-500000	10	2					12
		500000-1000000	1	1					2
		1000000-above	3	3					6
	Total		14	6					20
Dhankuta	Project Catagory based on cost	100000-500000	0	2	2	0	2	3	9
		500000-1000000	0	0	0	0	2	1	3
		1000000-above	1	0	2	1	3	1	8
	Total		1	2	4	1	7	5	20
Kapilvastu	Project Catagory based on cost	100000-500000	4					1	5
		500000-1000000	7					0	7
		1000000-above	5					3	8
	Total		16					4	20
Mahottari	Project Catagory based on cost	100000-500000	4	1	1	1		2	9
		500000-1000000	3	2	0	2		0	7
		1000000-above	0	2	1	0		1	4
	Total		7	5	2	3		3	20

Source: Field Survey, 2014.

In Dadeldhura, 11 projects having project costs between 0.1 to 0.5 million were studied where 9 projects were completed within 100 days and rest of the projects were still in operation at time of data collection. 6 projects having a total cost 0.5-1 million were completed within 200 days. One project having a total cost above 1 million was completed in 500 days and 2 others were still in operation. This scenario gives a practical picture regarding compatibility of the project life and project size of Dadeldhura.

In Dhankuta, one project having cost above one million was completed within 100 days. Two projects having cost 0.1 -0.5 million were completed in 100-200 days. 2 projects having cost 0.1 to 0.5 million were completed within 200-300 days. Similarly, next 2 projects above 1 million were completed within same working days. Moreover, 7 projects having all size of projects were completed in more than 500 days. This again, shows incompatibility between size and life of the project as some UCs were found investing longer days for small-sized projects.

In Kapilvastu, 16 projects having all stated size were found completed within 100 days, and 4 projects were found incomplete. Likewise, in Mahottari, most of the small sized projects were found completed within 100 days. Similarly, large sized projects were found completed within 300 days.

Unlike this, case of Dang is different where all projects were completed within 200 days, irrespective of the size of the project. Three projects costing above 1 million and another 3 projects having worth the same amount were completed within 100 and 200 days respectively. The lesser days required to complete projects worth more than 1 million in Dang were related to blacktopping the road.

4.1.1.1. LEVEL OF PEOPLE'S PARTICIPATION

Formation of UCs is guided by the aim of increasing people's participation in local resource mobilization. Per UC guidelines, people's participation is required to receive grants from the LBs. UCs can contribute in cash, kind or labor depending on their need and economic conditions. The following table shows the contribution level of users for the UCs studied.

Table 5: Level of People's Participation

District	No of Contributing UCs		
	Cash	Labor	Kind
Dadeldhura	16	9	6
Dang	10	13	1
Dhankuta	19	13	3
Kapilvastu	9	10	1
Mahottari	8	12	2
Total	**62**	**57**	**13**

Source: Field Survey, 2014.

The table 5 shows the number of UCs contributing to projects, and the type of contribution they make. Cash contribution from users is higher than labor and kind. The reason behind low numbers of UCs contributing labor or in kind is the outflow of working age people from the communities due to the lack of opportunities at the local level.

4.1.1.2. FINANCIAL ASPECT OF UCs

UCs are formed to implement a project with grants from the DDC, Municipality or VDC. For project implementation, UCs have to prepare a project plan along with procurement plan, financial plan, and accounting system. The accounting system should follow the clause of the LBs, and UCs have to submit a financial report after completion of the project. For this, UCs need to have knowledge about financial planning. Assessing the procurement practices and accounting system of UCs, the majority of the UCs have a tendency to purchase goods and services through the decision of the UC itself. Most of them were maintaining a bank account. The table 6 shows the account keeping practices of the UCs.

Table 6: Project Category Based on Cost * Type of Book Keeping Cross tabulation

Name of the district			Type of book keeping				Total
			day book	ledger	voucher	1+2+3	
Dadeldhura	Project Catagory based on cost	100000-500000	8	1	1	1	11
		500000-1000000	2	0	0	4	6
		1000000-above	0	0	0	3	3
	Total		10	1	1	8	20
Dang	Project Catagory based on cost	100000-500000	11	1		0	12
		500000-1000000	0	1		1	2
		1000000-above	0	0		6	6
	Total		11	2		7	20
Dhankuta	Project Catagory based on cost	100000-500000	5	1	1	2	9
		500000-1000000	2	1	0	0	3
		1000000-above	0	0	0	8	8
	Total		7	2	1	10	20
Kapilvastu	Project Catagory based on cost	100000-500000	4	1		0	5
		500000-1000000	0	0		7	7
		1000000-above	0	0		8	8
	Total		4	1		15	20
Mahottari	Project Catagory based on cost	100000-500000	8	0		1	9
		500000-1000000	6	0		1	7
		1000000-above	3	1		0	4
	Total		17	1		2	20

Source: Field Survey, 2014.

Table 6 shows that almost all UCs were keeping accounts. Most of the UCs implementing small-scale projects were using day books. Similarly, UCs implementing large and medium scale projects were using day books, ledgers, and vouchers. The size of the project determined the accounting and book keeping practices of the UC.

4.1.1.1. RESOURCE MOBILIZATION, RELATIONSHIP WITH LBS AND PUBLIC AUDITING

UCs are strictly directed to use local resources while implementing projects. The UC guidelines has a provision of not using machinery equipment. The reason for emphasizing utilization of local resources is to increase people's participation in community development, and generate employment opportunities in the locality.

The field survey found that a majority of the UCs were using local resources. However, UCs working on road construction were also utilizing equipment for the construction. These UCs were of the opinion that due to a lack of human resources in rural areas, they were compelled to use equipment.

Table 7: Project Category Based on Cost * Use of Technology and Tools Cross Tabulation

Name of the district			use of technology and tools			Total
			mechine equipment	skilled manpower	both	
Dadeldhura	Project Catagory based on cost	100000-500000		9	2	11
		500000-1000000		0	6	6
		1000000-above		0	3	3
	Total			9	11	20
Dang	Project Catagory based on cost	100000-500000		11	1	12
		500000-1000000		1	1	2
		1000000-above		0	6	6
	Total			12	8	20
Dhankuta	Project Catagory based on cost	100000-500000	2	3	4	9
		500000-1000000	0	2	1	3
		1000000-above	0	1	7	8
	Total		2	6	12	20
Kapilvastu	Project Catagory based on cost	100000-500000		4	1	5
		500000-1000000		0	7	7
		1000000-above		0	8	8
	Total			4	16	20
Mahottari	Project Catagory based on cost	100000-500000		7	2	9
		500000-1000000		5	2	7
		1000000-above		4	0	4
	Total			16	4	20

Source: Field Survey, 2014.

Table 7 shows the use of labor based on the size of the project. A majority of the UCs were using machine equipment as well as skilled human resources, as per the project need. Use of both resources was higher in the larger sized projects. The table shows that a majority of the large size projects that cost above 1 million have used both resources more in comparison to small (0.1-0.5) and medium size (0.5-1 million) project.

UC guidelines also mention that priority will be given to projects that have a cost-sharing component contributed by users. UC's have to fulfill this provision of cost-sharing to get grants from LB's.

The relationship of UCs with LBs is neither harmonious nor very clear. On the one hand, UCs accuse LBs of not releasing the budget on time, lapses in technical backstopping, and unfair monitoring and evaluation practices. Majority of the UCs opined that there would be no last minute rush to complete work if LBs released the budget on time. On the other hand, LBs accuse UCs of not being able to maintain proper documentation.

The views of both sides show that there needs to be a provision of scheduling a timeline on UC projects. LBs should release budgets on time and the UCs should be accountable to LBs while keeping records.

Table 8: Project Category vs Budget Release Cross Tabulation

Name of the district			timely budget release			Total
			advanced	installment basis	after project completion	
Dadeldhura	Project Catagory based on cost	100000-500000		0	11	11
		500000-1000000		2	4	6
		1000000-above		2	1	3
	Total			4	16	20
Dang	Project Catagory based on cost	100000-500000		1	11	12
		500000-1000000		0	2	2
		1000000-above		6	0	6
	Total			7	13	20
Dhankuta	Project Catagory based on cost	100000-500000	1	2	6	9
		500000-1000000	0	0	3	3
		1000000-above	0	4	4	8
	Total		1	6	13	20
Kapilvastu	Project Catagory based on cost	100000-500000		0	5	5
		500000-1000000		2	5	7
		1000000-above		7	1	8
	Total			9	11	20
Mahottari	Project Catagory based on cost	100000-500000		1	8	9
		500000-1000000		0	7	7
		1000000-above		1	3	4
	Total			2	18	20

Source: Field Survey, 2014.

Table 8 shows that a majority of the UCs receives funds either on an installment basis, or after project completion. A majority of the large sized projects (above 1 million) were funded on an installment basis. However, a majority of the medium (0.5-1 million) and small projects (0.1-.05 million) were receiving funds only after project completion.

Table 9: Project Category based on Cost * Participant of Public Audit

Name of the district			Participant of public audit					Total
			LB representative	UC member	user group	technician	Above all (1+2+3+4+5)	
Dadeldhura	Project Catagory based on cost	100000-500000	1	1	1	0	8	11
		500000-1000000	0	0	0	1	5	6
		1000000-above	0	0	0	0	3	3
	Total		1	1	1	1	16	20
Dang	Project Catagory based on cost	100000-500000		1			11	12
		500000-1000000		0			2	2
		1000000-above		0			6	6
	Total			1			19	20
Dhankuta	Project Catagory based on cost	100000-500000		2	2	1	4	9
		500000-1000000		0	1	0	2	3
		1000000-above		1	1	0	6	8
	Total			3	4	1	12	20
Kapilvastu	Project Catagory based on cost	100000-500000		0			5	5
		500000-1000000		1			6	7
		1000000-above		0			8	8
	Total			1			19	20
Mahottari	Project Catagory based on cost	100000-500000		1			8	9
		500000-1000000		0			7	7
		1000000-above		0			4	4
	Total			1			19	20

Source: Field Survey, 2014.

Another factor that creates problem between UCs and LBs is the difference between LBs official estimated price and actual market price of materials required by the project. Usually UC's have faced a financial deficit because the market rate of materials is higher than the official estimates.

Most of the UCs conducted public audits of the project upon completion. However, the focus group discussions, and key informant interviews indicated that public audits were not as effective as expected. Table 9 shows the representation of various local stakeholders in public audits organized by UCs. A majority of the UCs organize public audits with the participation of concerned stakeholders from the LBs and users. In some cases, public audits were conducted without the involvement of any LB representatives. Four public audits in Dadeldhura, 1 in Dang, 8 in Dhankuta, 1 in Kapilvastu, and 1 in Mahottari were found to have been conducted in the absence of all concerned stakeholders of UCs.

4.1.1.1. ROLE OF THE LBS IN STRENGTHENING UC

While the mobilization of users in local development is found effective in making development proactive and participatory, a majority of the users were not capable of handling the projects. They were not provided capacity building training focused on managerial, financial and administrative skills.

Table 10: Project Category based on Cost * Role of LB for Strengthening UC Cross Tabulation

Name of the district			Role of LB for Stregthening UC				Total
			project orientation	help of social mobilizor	capacity building training	above all (1+2+3)	
Dadeldhura	Project Catagory based on cost	100000-500000		1	5	5	11
		500000-1000000		0	3	3	6
		1000000-above		0	1	2	3
	Total			1	9	10	20
Dang	Project Catagory based on cost	100000-500000		1	8	3	12
		500000-1000000		0	2	0	2
		1000000-above		0	5	1	6
	Total			1	15	4	20
Dhankuta	Project Catagory based on cost	100000-500000	1		6	2	9
		500000-1000000	0		3	0	3
		1000000-above	0		4	4	8
	Total		1		13	6	20
Kapilvastu	Project Catagory based on cost	100000-500000	0	1	3	1	5
		500000-1000000	0	0	2	5	7
		1000000-above	1	0	7	0	8
	Total		1	1	12	6	20
Mahottari	Project Catagory based on cost	100000-500000	1		6	2	9
		500000-1000000	0		7	0	7
		1000000-above	0		3	1	4
	Total		1		16	3	20

Source: Field Survey, 2014.

The table 10 shows the expectation of UCs from the LBs, which shows that a majority of UCs expect capacity building training to help them handle the project. Table 10 shows the opinion of the user regarding their expectations from the LBs.

CHAPTER FIVE

5.1. CONSULTATION AND POST VALIDATIONS

5.1.1. OUTCOMES OF PRE CONSULTATIONS

At the beginning of the survey, we conducted pre-consultations with local governance experts and other development practitioners. According to them, the concept of UCs was introduced in 2030 BS, when UNICEF first constituted UCs in Rural Water Supply Project for the purpose of cost effectiveness and generating employment opportunities at the local level. After the establishment of Ministry of Local Development in 2037 BS, this concept got momentum for fostering ownership in local level. The involvement of UCs was to increase accountability and transparency, and to solve land acquisitions problem while implementing projects at the local level. Good practices of accountability were guided by the local administration creating a healthy nexus between demand side (User) and supply side (LBs).

With further progress made towards decentralization and local level administrative authority, UCs have become highly generalized. The localization of democracy has generated several malpractices at the local level. The formation of UCs has become procedural, leading to UCs becoming shadow contractors. The gap between supply and demand sides has become wider with neither of them accountable to each other. UC's have become a vehicle for tax evasion while LBs aren't serious in creating checks and balances to increase the efficacy of the local government.

To make local development more participatory and inclusive, the role of UCs is important, as it makes local people more capable by providing opportunities for technical know-how and exposure to various processes in the course of project implementation. UCs can also contribute to increasing employment opportunities at the local level.

To make UCs more effective and efficient, they need strong technical as well as administrative backstopping. Here, LBs and other concerned stakeholders should play a constructive role. It was suggested that projects to be implemented through UCs should be selected based on nature of the project. Projects that require heavy technical equipment and rigorous technical assistance should not be under the scope of UCs. Projects implemented by UCs should mobilize local resources and generate local employment. Even these projects need technical capacity, and local bodies should provide capacity building training to UCs. To make UCs accountable and sustainable, key respondents emphasized the need to legally register UCs. Official registration of UCs will be helpful in making UCs more accountable and transparent. They also opined that UC members should have sufficient knowledge to implement UC-owned projects effectively.

The issue of accountability and transparency of UCs is based on how the concerned Ministry, MoFALD administers it. In order to trickle down the benefits generated through UCs, a demand driven approach needs to be adopted. At the present, UCs are widely criticized as not being accountable and transparent while utilizing the grants. Some have sharply criticized UC functionality. UCs are accused of acting as a subcontractor and being a vehicle for tax evasion. These critics argue that there is no need for UCs for community development, while others suggest reforming them.

UCs are established to promote the trickling down of development opportunities to the local level. Involving UCs in development initiatives is on the national agenda, and should be taken into consideration during national planning and policy reform. There should be a strong commitment from MoFALD and LBs to provide technical backstopping, administrative support, political dominance-free monitoring and evaluation, and support in overall governance of UCs. Similarly, the local bodies' mechanism of quality assurance accreditation (QAA) needs to be strong to ensure smooth functioning and accountable UCs. There should be a strong mechanism to monitor UC activities and provisions for reward and punishment.

During the consultation, it was also suggested that UCs be brought under the surveillance of the legal framework. The legal registration of UCs is helpful in making them responsible. In addition, according to the key informants, UCs can work in two ways. In the short-term, UCs are crucial to expedite the development process at the local level by making them responsible for their own development. In the long run, the formation of UCs and their mobilization can help localize democracy and institutionalize local governance. Participants insisted on taking a long-term perspective when looking at the essence of UCs. They further suggested continuous and constructive dialogue among concerned stakeholders.

5.1.2. FEEDBACK ON RESEARCH DESIGN AND TOOLS

While finalizing the research design and methodological tools, a consultative meeting with local development practitioners and experts, government officials, and support agencies was organized on May 28, 2014 in Kathmandu. The purpose of the consultative meeting was to collect feedback for the upcoming study entitled "Comprehensive Evaluation of User Group Policies and Practices" that was going to be conducted by Federation for Good Governance Nepal. The meeting was fruitful in triangulating the ideas regarding the relevance of UC guidelines in mobilizing development resources through UCs. The research team presented the proposed methodological approach for the field study. Experts provided their views and suggestions on the improvement of the questionnaires, methodological tools, and approaches.

During the discussion, a former secretary and local development expert emphasized that the research design should shed light on the linkage between existing laws, and policies with the UC guidelines. Other user related guidelines and activities should be reviewed for cross information, focused on the process of UC identification and formation. It was also suggested that the study assess the capacity of both demand and supply sides.

It was also suggested that the study team select a sample from female headed UCs vs. male run committee s to determine efficiency and effectiveness between them. The study was also scoped with evaluating UC's role and accountability, and examining the sustainability of UCs.

Some of the participants suggested reviewing information on the establishment of UCs by project type and location and advising on issues concerning UC functioning. The research team was also mandated to check the quality assurance of projects implemented by UCs, and urged to look at the defined role of the UCs because the understanding of UC guidelines varies depending on the actors, causing differences in results and issues.

5.1.3. ISSUES AND OUTCOME FROM VALIDATION WORKSHOP

The team presented the major findings for each district with concerned officials and stakeholders at three events. To conclude the fieldwork, validation workshops were held in Dang, Dhankuta and Dhulikhel in July 2014. The major objective of the workshops was to share issues raised during the field study and collect feedback for improvement of UC guidelines. The participants were from CIAA, DDC, DAO, Municipality, VDCs and UCs representatives in Dang and Bhedetar, Dhankuta where the honorable member of NPC, MoFALD, TAF, representative of National Vigilance Center, CIAA, LDOs, Executive Officers, and VDC secretaries and journalist took part. The list of participants of each event is listed in the annex. The research team presented major findings of fieldwork. The presentation covered;

- Committee formation, composition, GESI, duplication, and process
- Volume of work, lifetime of the project and budget allocation
- Status of human resources while implementing project (trend of deciding projects based on the budget available)
- Status of Quality Assurance
- Motivation factor of public participation and community contribution
- Financial hurdles at accomplishment
- Delay of the budget release is the major hindrance for timely implementation of the project
- Transparency and Accountability
- Budget disbursement from Local Bodies

Apart from aforementioned issues and concerns, the research team presented the inputs collected from regional workshops, in national level validation workshops.

The participants of the workshop put forward their views regarding issues in the existing UC guidelines. The participants realized the difficulties faced by UCs and LBs in administrative, managerial and financial aspects and insisted on required amendments in some clauses of the guidelines to ensure smooth functioning of UCs as well as LBs.

In the national workshops, honorable member of the NPC, Dr. Prem Dangal stated that the findings of the research provided a in-depth learning on grassroots development through UCs. He stressed on the new self-reliant approach to local development for the real devolution of basic services to the people. He was for the correction of attitudes of development actors through analyzing the strength, weakness, opportunities and threats of UCs before the planning process.

Secretary of government of Nepal Mr. Dinesh Thapaliya stated that for better development results with UC involvement, there should be active leadership of the NPC for the policy reform that could include following aspects as “C 13” in his formula for effectiveness:

1. Conceptualization: User Groups should be clearly defined
2. Communication: Clear communication mechanism between UCs and LBs,
3. Classification: Legality of UC’s needs to be assured, registration process should be made mandatory, and UCs should be categorized according to their level
4. Collective ownership: Consensus in decision making process
5. Commitment: Demand side and supply side should be committed
6. Coordination: All stakeholders of local government should have good coordination
7. Collaboration: Approaches of collaboration should be explored
8. Creativeness: How can UC’s be more innovative ?
9. Capacity building: Institutional capacity need to be assessed
10. Cooperation: Cash contribution, labor contribution, (what where)
11. Checks and balances: Between LBs, user groups, and UCs
12. Continuation: How can the project sustainable and integrate with future projects ?
13. Combination: Combination of local resource at the optimum level

Representative of office of the Auditor General highlighted the importance and relevance of gap analysis of the objectives and practices of UC formation in Nepal where the policy should ensure spirit of honesty, transparency and accountability at the level of UCs and LBs.

During his speech, Mr. Prem Dangal urged the need to focus on whether UCs were the right approach for local development. He further opined, that if it is the right approach, it needs to be made into a more effective tool,. UC's are away of trickling development down to the local level. For this, people need to be self-motivated, and participatory. He summed up his speech by saying that the formation process of UC, and its functioning, is always dependent on how the LBs behave with them. We need to correct ourselves to make UCs more accountable. Checks and balances need to be maintained from the top to the bottom. To maintain accountability, he prescribed three stages of public auditing: first public hearing, second on the plan and purpose, and the third on what has worked and should be continued.

Other policies, the budgetary process, and the planning process have emphasized the importance of governance. To effectively institutionalize governance, we need stable policies. UC guidelines need to be sustainable as frequent change in the guidelines may create room for malpractice.

Government officials commented that local institutions/NGOs working for good governance should provide capacity-building support to the user. There is a need to review the Public Procurement Act to make it compatible with supporting project implementation through users. Government should be ready to provide required technical staff for the design, estimate of the project, site coaching, and supervision of the implementation. These field staff should be honest and motivated to help the user.

There was a concern about the need to use VAT bills for every purchase by the user. It was emphasized that the provision on VAT calculation and liabilities should be added in the UC guideline. Also, due to the lack of proper scheduling of the planning process at the local and central levels, development projects often start towards the end of each fiscal year. This trend should be changed, either by shifting the fiscal year from June/July to March/April, or by strictly following the planning schedule.

Similarly, CDOs underscored the beauty of citizen engagement in local development by their contribution in the form of cash, kinds or labor. There are other line agencies of the government (line Ministries and Department) mobilizing local users for project implementation. All the agencies working with local users should be coordinated and develop a single guideline rather than having separate guidelines for separate agencies. Users should not be directed to organize their UC's by outside parties but instead should self-organize. It will be better to add provisions that make them accountable. There must also be provisions of some incentives to the users' committee to maintain minimum management cost. LBs should ensure that the real users are identified and UCs formed from among the direct beneficiaries. Due to diversity of the context and location, guidelines should be specific rather than general.

LDO of Dhankuta stressed on the restructuring of human resource patterns in LBs, which was the traditional arrangement in such a time when there was almost no government grant to LBs.

CIAA representative suggested a clearer definition of user-groups, and concerned laws and regulations should be integrated so that a oversight body like CIAA would be effective in finding and establishing cases.

5.1.4. DRAFT REPORT SHARING AND FEEDBACK COLLECTION WORKSHOP

The draft report sharing and feedback collection workshop was organized in Kathmandu on 5August 2014 in presence of Dr. Som Lal Subedi MoFALD Secretary, former secretary, government officials and local governance expert and practitioners. The experts suggested including contemporary issues to make the guideline practical. Their suggestions are presented as follows:

- Social mobilizer should be instrumental for capacity building. Social mobilizers are the staff of LBs to facilitate communities for their developmental need and selection of suitable programs for sustainable economic life. In this respect, along with the guideline, social mobilizers should be trained and mobilized for the effective functioning of UCs.

- UC legitimacy needs to be ensured to make them accountable, and to let them practical institutional activities.
- One door policy should be adopted to mobilize the user group having various natures to bring them under the same umbrella.
- Mechanism of punishment and reward of UC's should be made clear and specific. The guideline should incorporate the level of punishment and reward as per the functionality of the UC.

CHAPTER SIX

6.1. ANALYSIS OF PRACTICAL IMPLICATIONS OF USER COMMITTEE GUIDELINES

UC formation, operationalization and management guidelines were developed by the Ministry of Federal Affairs and Local Development based on LSGA 2055 and provisions were made accordingly for the implementation of community level initiatives. VDC level UC's are based on the same LSGA clause 48 and 49 and regulation No 67. Likewise, UC's in the Municipalities are based on LSGA clause 116 and 117, regulation No 137. In the case of DDC resources, the UCs are constitute as per LSGA clause 208 and 209 as well as the regulation 155 and 156.

During the field study standard checklists, structured questionnaires, observations, and in-depth discussion with local stakeholders representing the service providers and service user were conducted on the usefulness of the UCs guidelines. Some of the participants were very positive about the UC guidelines whereas some others were a bit hesitant about its implications.

The UC guidelines have specific provisions for demand driven projects, directing UC formation from among users and Nepali citizenship holders with inclusive composition (33% women and representation of all castes and groups among the identified users/ beneficiaries). The guidelines aim at maximizing people's participation in their community's development. Aiming to increase the involvement of minorities in the development process, the guidelines have barred the involvement of teachers, active political representatives, and bureaucrats in the UC ***(provision 2, UC Guideline)***. However, discussions with key informants in the district show that political party representatives still dominate UCs. While some respondents thought that such involvement creates hegemony in the user group and the political party would reap the benefits, others argued that such influence in UCs is inevitable, as the user group needs leaders to run the project. According to this perspective, socially and economically backward communities do not have the capability to handle projects themselves.

Therefore, prohibiting suitable people (teachers, active political representatives, and bureaucrats) from UCs just creates space for the misappropriation or underutilization of available resources. Views of UC members and key informants of local government officials matched on this issue. Many user groups think that without the involvement of teachers, political representatives, and other front liners, UC work will not be successful. It would be difficult to deal with the concerned local government for agreement, release of resources, auditing and work completion certificate/valuation of work, and settlement of account. They insisted on modification of the guideline, provision 2.

The discussions on provision 1 also pointed out the need to make some modifications to it. The community has an invisible chain of command, which helps it move ahead, and the leaders of the society will always have a significant role. Instead of barring them from such committees, they need to be trained, and educated on how to mainstream economically and socially backward communities into the community development process while being accountable and transparent during this process.

UC guideline, clause 3 (provision of GESI), also elicited concerns in discussions with key informants of local government and UCs. Aiming to increase women's role in the decision-making process, the guideline made it mandatory to involve at least 33% women in UC, with at least one woman placed in a key position of the UC. All UCs were found following this provision. However, women did not have an active role in the committee, and their position seemed aimed only at complying with the provision of the guidelines.

To make women active in the decision-making process, majority of the FGD and KII respondents suggested providing special training to women who hold key positions. For example, account-keeping training can be provided to the woman if she is holding the position of Treasurer. This is significant, especially as women's involvement in finances helps the project operation become more feasible. Accounting training for women can be a possible way to make UC project implementation cost-effective. The involvement of women in UCs of hilly districts and Tarai districts were also found to be different. Male dominance in the Tarai is higher than in the hilly districts. To mitigate this problem, orientation and capacity building training, and study tours should be launched, focusing on women.

Some views regarding the role of social mobilizer in UC formation were also put forward in the field study. The UCs were not satisfied with the role of the social mobilizer in formulating and orientating user groups and committees. Most of them accused the social mobilizer of not being able to provide sufficient time to the user groups and committees. Key informants of LBs said that they lacked sufficient human resources, and were not able to deploy social mobilizers as per the needs and expectations of UCs.

The practice of consensus building while formulating UCs had been followed in all user groups by and large. However, the chance of elite capture was still prominent in the formation process, especially in the Tarai. Regarding consensus building, the guideline does not clearly express an alternative way of formulating UC if consensus building becomes impossible. Duplication of UC members was also found in some cases.

Besides the requirements of the guideline, formation of user groups and committees was not uniform in the districts studied. Majority of the UCs in Dhankuta district were registered under the Institute Registration Act-2034. Their working modality was similar to that of a legal institute. However, UCs envisioned by the government is not a legal institute, but a loose body formed for a specific purpose. The nature of UCs in Dhankuta is entirely different from those in the other four districts, Mahottari, Kapilvastu, Dang, and Dadeldhura, raising questions about the composition of UCs.

A major issue raised during the field study related to punishment for non-compliance. The guidelines has provisions for the punishment of wrongdoers while implementing projects. **Clause 6 and 11** of UC guidelines clearly mention the provision of punishment for UCs, technicians, and social mobilizers if they are involved in offensive practices. However, the guidelines are not clear about the level, nature, and types of punishment for non-compliance. Key informants at the local level raised this as a shortcoming, and suggested specifying the level, nature and kinds of punishment for wrongdoers.

Issue of cost and labor sharing **(clause 9)** was contentious in discussions with UCs, and key informants of LBs. The guidelines aim to increase people's ownership, and participation in the project through cost and labor sharing. It is expected that the cost-sharing scheme will increase the concern of people in the project, and make them more proactive in increasing the quality of work. However, this clause has created room for discussions, debate, and skepticism among stakeholders of UCs. Some LB representatives were of the view that the cost-sharing scheme has become a platform for contractors to evade taxes as UCs collect money from contractors to fulfill the provision of cost-sharing and later use the contractor to implement the project. Others shared that the cost-sharing mechanism is not suitable for economically disadvantaged communities, as they cannot afford to deposit the money in order to get the project from the local government. This shows that the provision of cost sharing is not a suitable way to increase people's ownership. Besides, getting people to participate in project work is becoming harder, because of the outflow of youth from rural areas to foreign countries making our society "youthless and toothless". In this context, people's participation mechanisms need to be modified and updated to reflect the contemporary realities of the society.

Besides, the guideline emphasizes local resource mobilization and utilization of labor-intensive technology (Clause 15) in project implementation. However, as stated, the use of labor is becoming costly and time consuming due to lack of sufficient youth in the community. Therefore, UCs are opting to use heavy equipment, especially in road construction. Similarly, some user-groups are even implementing black topped road projects in Kapilvastu, ignoring the spirit of the guidelines. In this context, key informants, and the participants of the focus group discussions suggested categorizing UCs according to their capability. Similarly, the guidelines should be clear about resource mobilization while implementing project. A key informant in Dhankuta suggested that UC's should be allowed to use environment friendly equipment.

Multiple views were found on cost partnership, project size, and resource mobilization. Key informants of the local government suggested decreasing the budget threshold for UCs from the current 6 million to less than 3 million as users do not have technical capacity to utilize huge amounts in project implementation. UC"s have a different view regarding the project implementation. They accused the local government of not being able to provide sufficient training on accounting, management and technical scheme of the project. According to them, the local government is not complying with the UC guidelines while providing training to UC's. None of the UCs said that they received training before starting the project. Had there been sufficient training and regular backup from the local government, they said they would have been able to implement projects, even those with large budgets.

This discussion indicates a couple of things to be incorporated into the guidelines. First, the cost-sharing scheme should be made case specific, and apply to economically strong communities only. Second, provision of resource mobilization should be updated based on contemporary needs of the community. Third, UCs should be categorized according to their capability and skills, and their budget threshold fixed according to this capability. Fourth, key members of UCs need special training on administration, management, and account keeping.

As mentioned in the UC guidelines, almost all UCs were using banking channel for financial transactions. Most of them were aware of having a bank account, and have their own way of procuring materials. Regarding the procurement process, a majority of the UCs shared the difficulty they faced due to differences in the official district rate and market rates. However, the user-group guidelines do not address the issue of difference in these price rates. UC's suggested making necessary arrangements in the case of price rate differences.

The guideline is also conscious about the quality assurance of the project (clause 33). For this, there is provision for a monitoring and evaluation committee in the user group. Similarly, technicians of the concerned LBs will be responsible for maintaining the quality of the user-implemented projects. However, formation of monitoring and evaluation committee from the user group was taken in some cases. Similarly, due to insufficient number of technicians, LBs were not able to deploy technicians to all projects frequently, creating problems in maintaining the quality of work.

The UCs, local political representatives and concerned stakeholders were of the view that they were not being able to assure quality in project mainly because of the delayed pattern of budget release by LBs. Due to delayed budget release, genuine UCs do not get enough time to implement their projects. However, wrongdoers get a good chance to misuse the budget being granted for UCs. These stakeholders suggested that LBs released project budgets on time, even suggesting that a work schedule be designed accordingly, which would be helpful for their work.

Key informants also showed concerns on the issue of procurement. Some were of the view that UCs should be regulated by local government economic directives. According to them, user related guidelines should be compatible with the Public Procurement Act to ensure that procurement of materials, charging of VAT bills and bidding process for suppliers will be user friendly, and would assure high quality and timely supply.

In discussions with UCs, it was found that they faced a common problem while implementing projects, related to the administrative as well as managerial expenses of the project. Majority of UCs argued that the guidelines should make provisions for administrative as well as managerial expenses for UCs so that UC members do not face money constraints.

UC guideline provides for public audit of the project aiming to make users accountable in their work. However, the public audits were not as effective as expected. There is a need to adopting a more effective way for UCs to be accountable to their user groups as well as the LBs. Public Procurement Regulation 2007 has certain provisions for procurement activities of the UCs.

CHAPTER SEVEN

7.1. MAJOR FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

7.1.1. MAJOR FINDINGS

The concept of UCs got momentum and developed over time as a means of implementing projects at the local level. Implementing projects through the community upholds two broad principles. One, UCs are the grassroots mechanisms that exist for the community to address their own needs and aspirations. The other, it increases community management practices, including ownership and sustainability. A number of legal provisions are enacted to translate these major principles into lasting legacy. Prevailing laws and guidelines articulate community participation and their commitment very widely. This study illustrates how the legal structure can promote community participation, mobilization, democratization, and institutionalization of UCs, and the role of local bodies in promoting community initiatives.

UCs bridge the gap between the citizen and the state, and were significant during the insurgency period where the state could not be directly present in remote areas. Encouraging the community to be more accountable for development activities and its implementation for social welfare are the mottos of UCs where accountability, transparency and ownership are the ingredients. However, the study demonstrates prevalence of these principles only on paper and the lack of measures to maintain them in practice.

Both demand and supply side actors are weak in their capacity to handle projects in regards to the compliance of legal provisions. Monitoring is an effective tool to evaluate the progress, and provides many opportunities for correction, improvements and advancement of the initiatives. However, the weak monitoring capacity of local bodies and ill intention of some UCs have created room for the misappropriation of funds. The monitoring done by the local bodies seem to be carried out for the sake of fulfilling monitoring requirements at the end of the year. Monitoring reports are neither prepared nor feedback given to UCs for correction.

Interference from political parties in the formation of UCs and implementation of the project is proscribed but the study found excessive interference in the name of political consensus. Moreover, some UCs are formed under the leadership of political parties, against the guidelines. Such practices might have been carried out with the intention of misappropriation, or could be for the good of the community in cases where they could not afford the time, and money to implement the projects. The case is the same for teachers involved in the UCs. It is observed that the community follows Gender and Social Inclusion (GESI) provisions during UC formation but women are not active in decision-making, having a more token role for the sake of fulfilling requirements.

Capacity building training to both the supply and demand sides on local level planning, project orientation, implementation modality, and specific training for UC members as provisioned in the guidelines need to be delivered. However, the study could not find this in practice. Implementation mechanism of the project is largely weak at the user level, with a majority of the UCs unaware about the project and its implementation mechanisms. Even established UCs have not received basic training for the administration and operation of the project.

More than a decade of non-elected structures present in the local bodies has meant that citizen aspirations for development are not addressed. The pillars of local governance established as the authority at the grassroots level would have been expected to be more functional and accountable to citizens. However, their ad-hoc nature and function of managing the immediate transition meant that they could not incorporate the needs of the people with proper accountability. The traditional organization structure, work overload and lack of exposure of officials at local bodies hindered their ability for public service delivery, and to meet the increasing service demand of citizens. In addition, adaptation of new tools and technology for office automation and timely information-sharing are not widely practiced in local bodies.

Participatory Planning[10]is a part of local governance that collects the demands of the community through a participatory process, documents accordingly and endorses these from a council of local bodies. Such practices were rarely observed during the study. The planning process was not followed and most of the projects have been implemented directly.

The degree of efficiency and effectiveness of UC's varies by location, ecological regions, purchasing power and social constructs. Some communities were found contributing more than the ceiling set by local bodies whereas some could not meet the minimum 30% contribution. For example, a blacktopped road project in Mahottari had the community contributing more than the government's investment. Out of the total cost of 2.6 million, the community contributed 1.6 million and 1 million was received from local bodies. Some of the UC's have done exemplary work both in terms of compliance with guidelines and quality assurance of the project. The noted examples are; road blacktopping in Gauribas, Mahottari; a committee that constructed a market shed in Jaleshwor, Mahottari; a committee working on wetland conservation in Dhankuta;a road improvement project in Laxmipur Dang; and a committee doing park construction in Dadeldhura.

7.1.2. RECOMMENDATIONS

The study focused on the functions of UCs, with special attention given to the level of compliance with guidelines on both the demand and supply sides. These recommendations are based on the degree of compliance rather than recommending alternatives to be adopted. However, it paves the way for further study for policy reform.

Orientation on policies and guidelines to be complied in the project should be communicated to communities prior to implementing the projects. This orientation should involve representatives of both UCs and LBs. This will ensure that there will no hurdles during project implementation, as UCs would know the mandatory

10 Participatory Planning Process is defined in 14 steps, which resembles process of demand collection, approval and implementation involving all stakeholders' role.

requirements to meet. It also helps everyone understand the gravity of the project, role of stakeholders, timeline of accomplishments, administrative processes, and financial requirements. In addition, it will help to understand and plan for the sustainability of the project upon completion. UC guidelines do not allow teachers, active political representatives, and bureaucrats to be directly involved in a committee, brushing them aside in the local planning and implementation process. However, the role of these people in the community is reflected in the UCs. In some cases, where the community people are not able to fulfill all the requirements prescribed by the local bodies, their role might be constructive. Their inputs and contribution can be harnessed through an advisory role, if not as full members of the committee. It would be advisable to amend the current policy to ensure at least an advisory role for them.

- Aiming to increase women's role in decision-making process, the guideline (**Clause 3,** ***UC Guideline***) made it mandatory that at least 33% of UC members should be women with one Treasurer as a signatory. Although women are assigned this Treasurer position, their role is limited to signing checks, and many do not fully understand the process behind it. Women members of the committee are not very influential, doing whatever other male members urge them to do. Their participation in the UCs seems to be for the ritual fulfillment of the provisions in the UC guidelines. In order to make the presence of women more meaningful, additional training should be provided to potential female user group members. A specific focus on accounting and financial capacity might have significant additional effect on the performance of the user groups. Increased knowledge and exposure to information for women members will enlarge their role in the committee as well.

While there is a provision for punishing those who misappropriate resources (**Clauses 6 and 11),** the degree, nature and type of punishment is not clearly stipulated. It is suggested that a provision be made to penalize all sorts of illegal actions and corrupt practices.

UC guidelines aims to increase people's ownership, and participation (**Clause 9, *UC Guideline***) in projects through both cost and labor sharing. It is assumed that cost-sharing schemes will increase incentives for people managing the project to ensure quality of the work. However, stakeholders are doubtful of the ability of this cost-sharing scheme to generate local ownership. Some LBs believe that cost-sharing schemes have become mechanisms for tax evasion by contractors, who provide funds for UCs to secure projects, who then pay the contractor to implement the project. Ultimately, the contractor would not incur any taxes, recouping their initial investment costs. There are opposing views on the user groups' contribution to any project and the cost-sharing scheme. Some stakeholders have suggested that the proportion of users' contribution is not suitable for economically disadvantaged communities who cannot afford to deposit money before signing the project. The general provision of users' contribution, as currently practiced, does not seem to be helping increase the ownership of the people in the project.

The guidelines emphasize that projects should mobilize local resources and utilize labor-intensive technologies (**Clause 15, *UC Guideline***) for project implementation. But UC's are opting to use heavy equipment to complete projects, especially in road construction projects because of the unavailability of laborers in a community. The guidelines need to be flexible to accommodate such changes, and allow communities to opt for environmentally friendly equipment if required, especially in infrastructure projects.

SUPPLY SIDE PERSPECTIVE

Fine-tuning of the policy (**clause 12, *UC Guideline***) does not require significant alteration to the existing guidelines. Major problems occurred when UCs did not adhere to the guidelines after they entered into agreements to manage project implementation. A project orientation process should be included in the annual plans of LBs. This should provide contextual information and specific knowledge and skills. It would be advisable for advanced curricula to be developed, geared towards key position holders of UCs. The efforts of LBs to inspire participatory approaches (**clauses 5, 9, *UC Guideline***) for development at local levels is not sufficient to increase attention to development needs at the grassroots level. Lack of sufficient human resources and technical capacity is a major challenge for LBs, preventing effective implementation of participatory development approaches. In order to fine-tune institutions for increased downward accountability and transparency in public expenditures, concerned ministries, NPC and line ministries should actively try to fill this human resource gap in local bodies.

The study also shows some evidence that project quality suffers from the fact that VDCs are working over capacity. A single secretary has to be responsible for fulfilling the aspirations of 27 ministries as well as local people, resulting in weak and in effective VDCs. As result, VDCs are not in a position to oversee, monitor, evaluate and guide UCs properly. It is advisable to assign appropriate human resources, at least a graduate officer as a secretary with account person, engineer, and other support staff at the VDC based on regular (internal and external) resources and population to regulate, monitor and mentor the works of UCs. Another recommendation is to establish a section in the DDC to oversee and facilitate the problems of UCs at the district level.

UCs operating through different agencies vary significantly, so a one door-policy is suggested. The National Planning Commission (NPC) might be an appropriate institution to engage on issues relating to all UCs, and serve as an apex organization.

DEMAND SIDE PERSPECTIVE

The lack of capacity of UCs is significant. UCs lack adequate orientation on issues specific to the project. Training to enhance capacity of users involved in the project should be mandatory. Another important issue is the lack of administrative and management costs of the project, which is not stipulated in the guidelines, which has hampered UCs. Putting aside some funds for project management costs is recommended.

At the beginning of every fiscal year, the district price index is revisited and adopted by all government agencies for the whole fiscal year. However, this index is not compatible with the market price. Projects are designed and estimated on the basis of the index, and UCs have to submit the invoices on the same basis. However, they have to pay market prices, creating problems in procuring materials and equipment. It is important to consider the prevailing market price while developing district level price index.

Local bodies do not have the capacity to monitor the projects under them. Oversight should also be provided by those not involved in the project. A third party monitoring mechanism at district level, with clear Terms of Reference, is recommended. Such third party might be consultants or NGOs.

7.1.3. CONCLUSIONS

The promulgation of the LSGA in 1999 and other legal provisions enacted there after have encouraged public participation in development initiatives. Local development through the involvement of UCs is considered an effective strategy to implement community based programs and projects, and ensure public participation. The government has initiated performance-based evaluations and finance projects accordingly. The performance indicators consist of a number of indicators, including the compliance of clauses stipulated in UC guidelines. Such indicators help the government regulate and oversee these UCs, while incorporating the spirit of human rights and Right to Information principles adopted by UN resolution. The government of Nepal has been mobilizing UCs for local development for a longtime as a means to exercise and localize democracy. Involvement of UCs in local development is an appropriate way to increase participation, inclusion, employment, and ultimately economic prosperity in a society. UCs are the catalyst for decentralization and local governance, to ensure effective delivery of public services and to consolidate democratic governance. In recent context, UCs have played a crucial role in strengthening democracy and participatory development at the local level. However, some measures need to be implemented for the sake of quality assurance, including capacity-building, strong monitoring mechanisms, and establishing a smooth fund flow mechanism.

Situations where the practices of prevailing laws governing UCs are breached need to be discouraged. Together with this, best practices need to be amplified and replicated across the country. Rewards and punishments can achieve this.

A harmonious and functional relationship should be established between people and local bodies. Regular discussions amongst the stakeholders and beneficiaries should be mandatory. Pubic audits, social audits and public hearings are important tools to validate citizen achievement and activities. These are the best practices of good governance, and must be compulsorily implemented.

While there is involvement of political party representatives and teachers in UCs, against the guidelines, community capacity needs to be taken into consideration by the executing agencies. The use of contractors to implement projects on behalf of UCs seems to be a major challenge. A binding clause in prevailing laws needs to be introduced to reduce such practices.

There are two types of arguments regarding the use of heavy equipment, especially in road construction. One argument is that using heavy equipment should be allowed since the community doesn't have enough labor force. The argument against is that it is a breach of policy and against environment-friendly development processes. This matter should be further discussed at the policy level.

Local bodies and UCs have endured despite weak capacities, especially low management skills and knowledge while implementing projects at the local level. There is a need to offer adequate capacity enhancement interventions at all levels to institutionalize the spirit of UCs. Except promulgating guidelines, no significant interventions have been made to enhance the capacity and performance of UCs. The principle existence of UCs for strengthening democracy has been translated into a mere contracting process, with no attention given to promoting UCs.

Because of the failure to hold periodic local elections, LSGA could not be fully implemented. Elites have explicitly called for UCs, and the low access of common users seems obvious. Significant inclusive measures need to be introduced for more meaningful participation of women and disadvantaged groups.

Misappropriation of funds and resources by some UC leaders have worked against building trust within the community, social values and solidarity. The causes of such fraudulence and malpractices have remained due to the lack of social accountability mechanisms. Moreover, the strong nexus among executing agencies and political favoritism has promoted collusion between UCs and LBs. Hence, the compliance level of UCs to policies can be rated as superficial, and unsatisfactory.

For better implementation of prevailing policies, and to avoid bottlenecks, trigger type initiatives can be deployed. Pre-contract signing meeting or orientation, following the norms and guidelines while monitoring fund flows might be preliminary initiatives. A separate section in LBs, especially in the DDC to oversee such a component might be another corrective measure. Budget authorization from the central government and delayed release from LBs to UCs have been a critical problem. So, authorization of budget from the central government by early first trimester is essential to complete the project on time. Monitoring and evaluation is the role of local bodies, but hasn't been practiced effectively or seriously. Hence, third party monitoring might be an option to explore in UC implemented projects.

Sincerity in adherence to set policies, and respect for the local planning process from all stakeholders including government agencies, political parties, UCs and even the civil society is essential. Well-capacitated and accountable LBs, responsible UCs, and attentive stakeholders can meet the aspirations of common people and fulfill their needs.

A learning-sharing mechanism among UCs having good practices and bad practices, focusing on experience sharing between UCs at different level (DDC, VDC, and Municipal level) can help avoid hindrances to effective implementation of UC guidelines.

In Nepal, UCs are yet to be institutionalized but are moving towards progress. UCs have exemplified that grassroots level democracy and governance can flourish through public participation, a responsive and accountable public sector, as well as effective and efficient performance of both parties. UC, a grassroots institution, needs to be transformed from a loose structure to a stronger institution. The concept of UCs is a unique approach to make citizens accountable and responsible in the local development process, however a coherent system to promote them is yet to be developed and legitimized.

8. REFERENCES

Government of Nepal . (2008). Local Body Financial Administration Regulation (LBFAR). Kathmandu: Nepal Law Commission .

Government of Nepal . (2004). Local Infrastructure Development Policy . Kathmandu : Nepal Law Commission .

Government of Nepal . (2012). Local Resource Mobilization and Management Guideline. Kathmandu : Nepal Law Commission .

Government of Nepal . (2000). Local Self-governance Regulation . Kathmandu : Nepal Law Commission .

Government of Nepal . (2007). Public Procurement Act . Kathmandu: Nepal Law Commission .

Government of Nepal . (2007). The Interim Constitution of Nepal . Kathmandu : Nepal Law Commission .

Government of Nepal. (1977). Association Registration Act. Kathmandu: Nepal Law Commission.

Government of Nepal. (1999). Local Self-Governance Act. Kathmandu : Nepal Law Commission .

Ministry of Federal Affairs and Local Development . (2010). Guideline for User Committee Mobilization and Resource Management . Kathmandu : Nepal Law Commission .

APPENDIXES

a. APPENDIX 1: QUESTIONNAIRE

Survey Questionnaire on
Evaluation of Policies and Guidelines on Mobilizing User Group at Local Level
Region.......... Zone............. District......... DDC/Municipality/ VDC....................

1. Basic Information about User Group

Name of the User Group.......................................
Name of the implemented Project..........................
Size and type of project work:

2. Beneficiaries of the Project

Location..
No of User groups Household:...............
No of Beneficiaries: ....
NRS...
Type of work ....

3. Composition of Beneficiaries

Cast	**Gender**		**Total**
	Male	Female	
Brahmin			
Chhetri			
Dalit			
Janajati			
Muslims			
Others			

4. Composition of UC

4.1 Date of User Group established ....
4.2 Purpose of the establishment ....
4.3 Date of UC formation ....
4.4 Date of commencement of the project..................
4.5 Date of project completion..................................

4.6 Brief of the project :

- Why this project:
- How the project was selected and funded:
- What are the expected results of the project:
- Who are the targeted beneficiaries and why:

5. Administration/ Functioning of User groups

5.1 Representation of beneficiaries in the UC: all.................... partly:......................

5.2 If others, who are they and why? Give reasons:

5.3 Is there any provision of monitoring and evaluation committee of projects ? If yes, when was the M&E committee established ? ....

5.4 What was the Monitoring Committee's role:

a. Role of UC chairperson
b. Role of Secretary
c. Role the Treasurer
d. Role of Member

5.5 Who monitors the project ?......................................when and how many times:

6. Record keeping:

6.1 What type of record book is maintained ? (Minute, visitors' book , daybook, ledger book etc.)

6.2 How UCs (UC) make decision? Consensus.................... Majority.....................

6.3 Who takes the final decision? How ?

6.4 Is there user groups' contribution in the project ? If yes, how does UC contribute to the project?

By cash .... By kind .... By labor ....

7. Procurement practices:

7.1 What are the materials used in this project ?

7.2 How do UC procure those materials ?

7.3 How do UC decide about the procurement of those materials:

7.4 Do UC have advance procurement plan ? How is the plan made? Who decides ?

7.5 Who was assigned to purchase ? Were they among the members of UC ? If not who ?

7.6 How the plan was executed

- o By establishing committee ....
- o By chairperson ....

- o By deciding every time ....
  - o By other means.......................................

7.7 How many times did UC decide for purchase ? How many times the procurement happened ?

7.8 Did UC make their regulation for procurement ? If yes, who made such rule ?

8. Source of funding

8.1 How was this project selected ?

8.2 What was the fund and how was the fund generated ?

8.2 Do UCs have bank accounts ? If yes, name of the banks ....

8.3 Who is authorized signatory ? Single, two persons or more ?

9. Technical Part of the User role:

9.1 When UG/UC signed the project agreement? :

9.2 Was the project sub-contracted by UC ?: if yes why...................................

9.3 Who were they? Give the names:

- Construction companies :
- Dozer owners :
- Traders/ suppliers :
- Any others:

9.4 How do UC purchase goods ?:

- Direct from the competitive market:
- Quotation for rate analysis............
- Tendering :
- Other:

9.5 Do UC prefer VAT bill ? (due to commission and quality differ VAT bill will not be used) If yes, can we see it ?

9.6 Do all UC members understand the stipulated conditions of the project implementation mentioned in the agreement?
If yes, how do you know?
If not, why not ?

9.7 why UC need to be subcontracted the work ? (more technical, lack of skilled workers, used heavy equipment

9.8 Do you have MOU signed?

- Yes .... No.............

9.9 What major works and what amount were subcontracted ?

9.10 Do UC have provision for paying tax to the government for out sourcing services?

9.11 Is UC able to procure goods on time?

10. Funding and fund flow mechanism

10.1 Do LB's released budget on time. Yes.................... No..................
If no Why:
10.2 Is matching fund available ?
10.3 Did this project implement in cost sharing basis ? If yes, who were involved ?
10.4 What type of resources do you use in implementing the project ?
- Local resources utilization..................... sophisticated machineries...............

10.5 What is the payment system ?
10. 6 Do they have project fact sheet ?
10.7 Do you organize Public Audit for the release of installments from LB's ? (DDC/Municipality)
10.8 How frequently is public audit organized ?
- Trimester base .... Monthly....................... other ....

10.9 Who attended the Public Audit ?
10.10 What was the matter of discussion in Public Audit ?

11. Reporting:

11.1 How frequently do you report to the funding agency ?
- Event wise .... monthly .... quarterly ....

11.2 Who takes the minute where is it kept ?
11.3 How is the decision made ?
11.4 Who is Technical Supervisor ? And who appoints him/her ?
11.5 Do the technical design, layout and implementation technique work transform ? How ?
By:
- Orientation/training
- Field work together
- Capacity building training, documentation, accounting, technical supervisor
- Asked for redoing ?

11.6 Is the technical support available timely ? Was the work measurement and the release of installment timely ?
11.7 Is your committee supervised by monitoring and evaluation committee ?
If yes, how many times ? .... Who monitors ? ....
11.8 Do you have practice of keeping minutes about the task assignment and grievance handling ?

12. Budget and fund flow mechanism:

12.1 When does UC get the budget ?

- Where UC keep the fund ? .... Do you have Bank A/C .... If yes, who signs the cheque ? ....
- When do UC prepare financial report and whom to submit? ....
- What are the account-books UC are maintaining ? Daybook .... ledger .... voucher .... Memo and expenditure statement ....

12.2 Do they have user's contribution? If yes what is the percentage ?

12.3 Value and type of contribution
Cash NRs .... Kind .... labor ....days

12.4 Have you prepared progress report ?
If yes, can you share ?

12.5 For this project, how many times have you prepared progress report ?

12.6 Have you presented your report prior to release installment ?

12.7 What is the process of work completion and obtaining work completion certificate ?

12.8 Do you have operation and maintenance plan ? How do you manage fund ?

12.9 Do you have guidelines/rules for operating such fund ?

12.10 Have you registered as a UC ?
Yes/No: if yes, where have you registered ?

12.11 What is the role of UC ?

12.12 Do you have the practice of election of UC/replacement of a committee member ?

12.13 How does your committee prepare for audit ?

12.14 Do you have final audit report ?

12.15 How do you get the project from VDC/Municipality/DDC or other Government Agencies ?

12.16 Do you need to renew your committee every year/ by project wise ? What is the renewal fee ?

12.17 Where do you pay ?

12.18 What do user groups do to reconstitute the committee ?

12.19 Who supported/ facilitated your Group for the UC formation ?

- Do you have designated FM/ Radio/ TV/ Media for information/publication ? Yes .... No................

12.20 Have you published any information or statement about your project and project progress ?

12.21 What is the process to continue the same project in next fiscal year ?

12.22 Have you submitted form of project completion/work in progress report to concern Local Body or support agency ?

12.23 What is the percentage of expenditure that your committee uses as managerial, technical, and administrative expenses out of total budget received ?

12.24 Do you like anything to share with us regarding UC and LB's ?

- What is the perception of the general public ?

12.25 Do you like to work as a UC member in the next fiscal year?

12.26 Are you informed about the perception of public on your work?