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Examining service delivery and citizens' trust in the federal governments of Nepal

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Abstract

This study assesses the linkage between citizens' trust on local governments and service delivery in the context of Nepal after implementation of federalism in 2015. The study relies on nationally representative survey data collected from 7056 citizens in 588 wards to measure citizens' perception of local government capacity, social security programs, accessibility to social services, and citizens' trust in local institutions using descriptive analysis. The results suggest that restructuring of the federal government has led to an increase in local government capacity, and greater accessibility of services. There are high levels of awareness and satisfaction with well-established social security schemes, and low levels with newer or focused schemes, reflecting unmet information needs. Citizens are moderately too highly satisfied with services but there are disparities between regions, with Madhesh Province showing the lowest satisfaction. There is no uniformity in the level of trust in the institutions or in the trust in the local and community-based institutions and the political institutions. Although the use of services has declined somewhat, the ease with which people can access services is improving and indicates administrative efficiency. The findings suggest that restructuring of local government under a federal system has led to a boost in the perception of the level of governance capacity on average. Institutional capacities need to be strengthened, communication improved, and participatory governance promoted to ensure effective federal governance and build public trust in Nepal.

Keywords

Local governance, citizen trust, decentralization, service delivery, federalism

JEL Classification

H70

1 Introduction

Local governance involves institutions, processes and mechanisms by which citizens voice their needs and interests, and engage in dispute resolution, and perform their rights and responsibilities within their communities. It refers not just to formal governmental institutions but also to the involvement of different stakeholders including community members, civil society organizations, private sector actors and traditional authorities (UNDP, 2009). In this context, local government institutions are a key driver in coordinating governance activities and networking amongst the actors. Local governance is not just about the formal local government. It requires cooperation between several stakeholders in the planning, decision-making and implementation of development. Local governments are, therefore, a “hub” that links territorial central government agencies with local communities, community-based organizations, civil society organizations and citizens. The coordination provides an opportunity for participatory governance and ensures local needs and priorities are represented in development initiatives in local government institutions.

Over the last couple of years, local governments have encountered new difficulties and challenges from the changing demographic, environmental, technological and rapid urbanization. New governance strategies are needed in these challenges and increased cooperation between actors. Civil society organizations, the private sector and community groups are becoming more important partners for local governments to help bring resources and expertise to bear on sustainable development (Brown, 2018). Cooperative agreements increase the effectiveness of policies and increase development outcomes. The governance processes are multi-actor processes that are engaged in the solution of shared issues. Local governments are facilitators who help identify local issues and rally stakeholders to meet critical community needs. Local governments foster citizen participation in development decision making through participatory planning and consultation processes. These processes of participation contribute to democratic governance and increase community ownership of development projects (Ostrom, 2007).

Good governance at the local level also involves ways to measure and assess the performance of institutions. The systems of performance measurement are used to evaluate the effectiveness of elected representatives and administrative institutions in providing services and enacting policies. These systems promote transparency and accountability, and lead to better governance. The implementation of performance measurement methods like those used in business has been shown to enhance the governance and efficiency of the organization. Likewise, higher levels of performance measurement mechanisms lead to more performance improvement in local government institutions (Dahal, 2017). Local governments' ability to be effective also is dependent on their financial strength. While they provide a range of public services, many local governments are dependent on transfers and/or grants from higher levels of government. Such financial aid is necessary but can result in institutional autonomy being restricted if over-reliant on outside funding. Local governments need adequate powers to raise revenue from local taxation (Stoker, 1996).

Building institutions is essential to building trust in institutions. Trust is what makes the world go round, not money (Stiglitz, 2013). Trust is the subjective beliefs of one person in the future actions of the service provider. Uslaner emphasized the core of trust as the belief that most individuals transmit their moral values (Uslaner, 2008). The lower the level of institutional trust, the more likely that the government will fail. In the absence of institutional trust, opportunism, informality, and free riding occurs (Fukuyama, 1995). A model provided by (Mayer et al., 1995) is based on a person's trust in an individual entity. The theory is logically coherent only if the trustee is an identifiable, distinct person who is seen as being intentionally acting with free will (Mayer et al., 1995).

Perceptions of effectiveness, fairness, accountability and responsiveness form trust in government (OECD, 2022). There is a correlation between citizens' feeling that they can trust their governments and willingness to follow laws, engage in civic life, and cooperate with the public sector (Stiglitz, 2013). The governments are seen to be actively involved in the service delivery comprised by introducing transparency

in government activities, enhancing anti-corruption measures, improving the quality of public services, strengthening the efficiency of government responses during crises such as pandemics and promoting non-authoritarian values, administrative neutrality and economic development [(Goldfinch et al., 2023); (Van de Walle & Migchelbrink, 2022)]. Despite numerous efforts to enhance trust in the public sector, public trust in government has been in continuous decline over the last three decades in both advanced and developing countries (OECD, 2022). Citizen involvement in the decision-making process of a decentralized government is a way to interact with citizens to promote principles of democracy such as responsiveness (Kim & Lee, 2012). This one is one of the fundamental tenets of trust when it comes to governance in any form.

Evolution of Local Governance in Nepal

The involvement of local government goes back to the Kirat, Lichchhavi and Malla dynasties in Nepal when the early community-based system of administration was in place, in which local people managed local affairs and resources (Dahal, 2017). The systems enabled communities to be involved in governance at the local level. There was also a system of local governance, but it was extremely hierarchical during the Rana regime and even more so during the Panchayat period. While local government bodies were formally created during the Panchayat period (after 1960), their decision making and power were limitless in nature in the hands of the central government (Acharya, 2018).

Nepal has witnessed a significant shift in the local governance system since 2015 when the Constitution of Nepal was promulgated and the nation came under a new structure as a federal democratic republic. The new federal system demarcates three tiers of government – the federal, provincial and local governments with powers and responsibilities defined in the constitution. Article 59 of the constitution provides autonomy to these levels of government, which can make decisions, prepare budgets, create laws and develop policies within their respective jurisdictions. The authority distribution is described in various constitutional schedules like Schedule 5 (Federal powers), Schedule 6 (Provincial powers), Schedule 7 (Concurrent powers of federal and provincial government), Schedule 8 (Local powers) and Schedule 9 (Concurrent powers of federal, provincial and local government) (Nepal Law Society, 2015).

As per the restructuring, the current local government system in Nepal consists of 753 local governments with 6 metropolitan cities, 11 sub-metropolitan cities, 276 municipalities and 460 rural municipalities. These local governments have 22 powers exclusively granted to them by Schedule 8 and 15 concurrent powers with the federal and provincial governments (Acharya, 2018; Ghimire, 2018). The local governments are facilitated with the legal provisions to develop policies at the local level, manage resources and implement development programs.

Local governments are also responsible for service deliveries combining education, health, sanitation, building and maintenance, and natural resource management. They also encourage citizens' engagement, social inclusion and accountability in governance processes (Shrestha, 2020). However, there are still challenges facing local governments such as, restricted administration ability, financial resources limitation, coordination problems among different levels of government (Sharma, 2019). The development of institutional capacity, better revenue generation, greater citizen involvement, and strengthening intergovernmental cooperation are thus important for better local governance and the implementation of federalism in Nepal (Bhatta, 2021).

Statement of the Problems

Participatory governance has been introduced in Nepal after the introduction of the Local Self-Government Act in 1999 (Acharya & Scott, 2022). In particular, the Nepal's Constitution 2015 adopted federalism structured all three levels of government (federal, provincial, and local) and the sub-national governments with unparalleled powers, roles and resources (Bhusal & Breen, 2023). However, inefficiency in public service delivery, job creation and the promotion of good governance are always in question

(Chaudhary, 2019). The federal system has not completely ensured effective representation of citizens voices (Khanal & Bracarense, 2022). Citizens are occupied with a sense of disillusionment with the transparency of political practices that elected representatives are serving the interests of the electorate (Acharya & Zafarullah, 2020). Additionally, there have been cases of corruption and abuse of power at the local level, as well as low levels of rule of law and institutional capacity (Acharya & Scott, 2022).

Apart from institutional capacity and leadership, trust in government institutions is also a critical factor for effective government and development. A study of institutions and development would not be complete without bringing in public trust in government. A high degree of trust in public institutions is often linked to the effective functioning of governments and public institutions and to the maintenance of public institutions' legitimacy (OECD, 2017).

There are many studies that have analyzed the role of government institutions in boosting economic performance and socio-economic development at the local and national level. The relationship between economic growth and political institutions is one of the factors that drive the economic performance of government (Engerman & Sokoloff, 2008). Likewise, Searle (2005) and Hodgson (1998) highlighted the need to consider subjective ontology in institutional analysis and argued that citizens' beliefs about their government institutions significantly influence institutional effectiveness. However, in contrast Khodary (2016) emphasized the importance of good governance to improve government effectiveness. In addition, Acemoglu and Robinson proposed that the disparities in economic performance between nations are mostly due to differences in government institutions' efficiency and quality (Acemoglu & Robinson, 2002). Although institutional performance is a key concern, there is not much literature about public sector performance management in developing countries (Janjua et al., 2018). Dahal (2017) stated that the effectiveness of the governance practices and capacity of the governance institutions of a federal democratic republic play a key role in its success. Local government institutions need to be competent, efficient, and accountable to ensure citizens' expectations and public trust. Therefore, local institutions are to be built to enhance effective governance, economic growth and people's trust. However, the public trust in local government bodies has slowly undermined. The present study is based on the objectives: i) to explore effectiveness of local governance structures in Nepal, ii) to determine factors that affect citizens' trust and satisfaction in the governance of the municipality, such as transparency, responsiveness, fairness, and quality of service, and iii) to give policy suggestions that will help in improving the federal governance in Nepal, local citizens engagement and trust.

Literature shows that there is a lack of understanding of the dynamics of public trust, satisfaction, and participation in decentralized governance reforms (Han et al., 2024). Studies of decentralization tend to focus on the middle and upper classes, and the cross-sectional design of many studies neglects the long-term process of trust and participation dynamics (Uslaner, 2008; Bahl & Bird, 2018). The demographic factors that affect trust dynamics (age, gender, education, and socioeconomic status) also have limited research (Christensen et al., 2020). Public trust in the local governments is being decreased due to reported cases of corruption, weak rule of law, and misuse of power (Khanal & Bracarense, 2022; Acharya & Scott, 2022). However, no specific analysis has been made so far. Thus, public trust is the epitome of success or failure in the performance of local governments. Therefore, the scope of the present study is widespread to the national level which has not been explored.

Significance of the Study

There is a shortage of literature on performance of local government and trust in the local governments under Nepal's federal system which has posed challenges for conducting in-depth research on this topic. This study fills this gap which offers an in-depth analysis of local government performance with fresh insights of value to scholars, policy makers and practitioners. Having information about local government performance is especially critical, as local governments are at the heart of implementing policies that directly impact the local economy, economic development and service delivery. The research focuses on

the role of local governments on how to create economic opportunities, build capacity, and engage communities and highlights the opportunities for more inclusive, responsive and accountable governance.

Overall, the study fills gaps in the existing literature with a valuable contribution to the local governance and citizens' trust in Nepal. It offers insights to the policymakers with useful information on effective local governance and efficient public administration.

2 Review of Literature

There is a rich history of local governance in Nepal starting from the Kirat, Lichchhavi and Malla dynasties where early forms of community-based governance were established to manage local affairs and resources (Dahal, 2017). These were designed to provide communities with opportunities for governance and resource management. In the era of Rana rule and thereafter the Panchayat rule, there were local governing bodies but worked under the complete control of central politics. Local bodies had formal status after 1960, but their power has been restricted and under the grip of central control (Acharya, 2018).

After the promulgation of the Constitution of Nepal 2015, a major change has taken place in the structure of the state, transforming it from an autocratic to a federal democratic republic. The new system established three tiers of government: federal, provincial, and local, with each having specific powers and responsibilities as defined in the constitution. The constitution provides autonomy to each level and gives them powers to come up with its policy, pass laws, prepare budgets, make decisions within its jurisdiction. The allocation of powers is specified in schedules: Schedule 5 (federal powers); Schedule 6 (provincial powers); Schedule 7 (concurrent federal and provincial powers); Schedule 8 (local powers); and Schedule 9 (concurrent powers at all three levels) (Nepal Law Society, 2015).

Local governments as the closest governments to the citizens are key players in enriching the quality of life and fostering sustainable development. They are tasked with delivering primary services, such as ensuring education, health care, sanitation, developing infrastructure and managing natural resources. Additionally, local governments promote citizen participation, social inclusion and accountability in governance processes (Shrestha, 2020). They are designed to improve the inclusivity, responsiveness and efficiency of local governance by involving communities in decision making and policy implementation. Despite the powers, local governments are still burdened with various areas of problem, such as low administrative capacity, insufficient financial resources, inefficiency in government administration, and poor intergovernmental coordination between levels of government. Moreover, the governance is complicated by geographic diversity, socio-cultural heterogeneity and vulnerability to natural disasters (Sharma, 2019). To meet the challenges, institutional capacity needs to be strengthened, local revenue generation needs to be improved, citizens' participation needs to be supported, and there is a need for intergovernmental cooperation (Bhatta, 2021).

Local government is part of institutional arrangements that influence action, relationships, and outcomes of government. Institutionalism emphasizes predictability and certainty engendered by habits, rules and evolutionary processes in the interactions of people, and in the governance process (Hodgson, 1998). Local institutions are thus key in putting things in order and keeping citizens and development partners accountable and engaged. While there are some inefficiencies reported in the social welfare, public service, job generation and governance processes, it shows that there are some gaps in the institutions (Chaudhary, 2019).

The quality of institutions has been increasingly associated with economic performance. Engerman and Sokoloff (2008) pointed out political institutions as major factors in local economic results. Searle (2005) and Hodgson (1998) emphasized the importance of citizens' perceptions of local institutions as factors influencing governance effectiveness. Besi & Kaur (2020) and Khodary (2016) stressed the importance of good governance. Acemoglu and Robinson (2010) proposed that the disparities in economic well-being can be attributed to differences in the efficiency of institutions, a proposition that was also corroborated by Cavalcanti and Novo (2005), Law et al. (2013), and Kim & Lee (2012).

Leadership and capacity building continue to be at the heart of the Nepalese context (Acharya, 2018). Shah (2006) highlighted the importance of local leadership in development was concerned with the capacity of institutions. The capacity building of local leaders on their role and mandate is significant to improve the effectiveness of governance Chaudhary (2019). The importance of trust in government institutions cannot be overstated: citizens' trust in institutional competence and accountability for effective governance (OECD, 2017).

The citizens feel a lack of transparency and accountability, despite the constitutional guarantees. Public trust in the local institutions has been eroded due to reported cases of corruption, weak rule of law, and misuse of power (Khanal & Bracarense, 2022; Acharya & Scott, 2022). Furthermore, the studies on economic performance of local governments in Nepal are scarce, which hinders in-depth analysis.

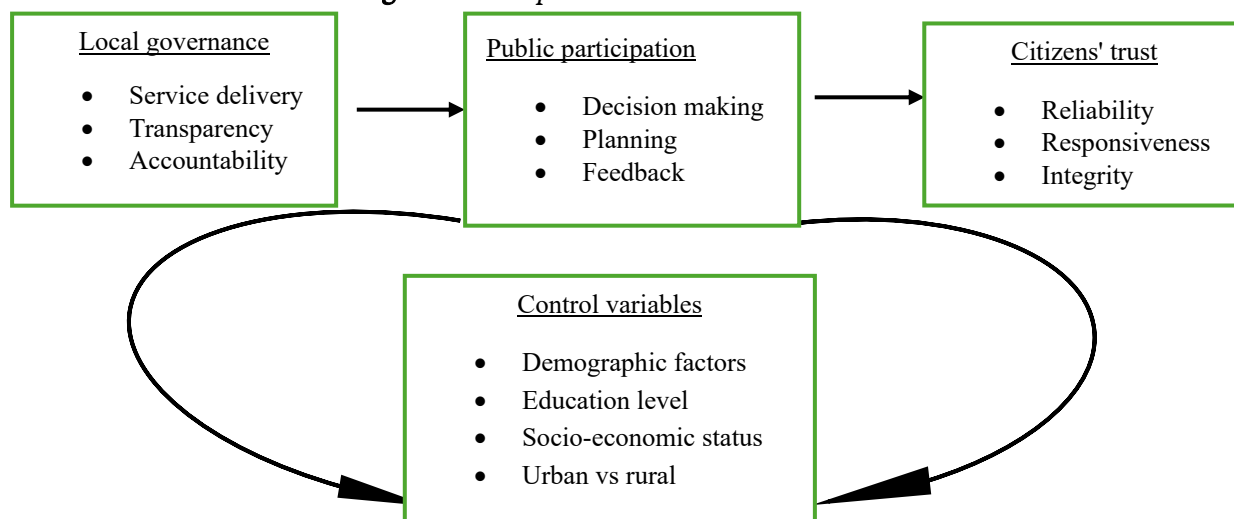
3 Data and Methods

The study has been conducted with the help of survey data released by School of Arts, Kathmandu University under the title: A Survey of the Nepali People, 2022. So, the source of data of the present study is secondary and analyzed descriptively. The survey covered 588 wards representing a national representative sample of 7,056 individuals across seven provinces. The sample size is 7,056 at the national level with a margin of error of $\pm 1.2\%$ and at the provincial level, $\pm 3\%$. The survey was conducted through a random sample of respondents to capture topics of public interests as described in the conceptual framework. The sampling design was developed to ensure representation of the findings with a minimum margin of error at both national and provincial level at 95% confidence level. The sample is evenly distributed throughout the seven provinces of the country for purposes of comparing the findings in their respective provinces. A probability sampling design was used in the survey selection process, comprised of three stages. The population of the country was stratified into seven provinces based on the National Population and Housing Census 2011 using the new country-wide federal system.

Conceptual Framework

Conceptual framework of the study describes that local governance influences citizen trust through public participation, with the control variables held constant. Local governance is demonstrated through service delivery, transparency, and accountability. Citizen trust is reflected in perceived reliability, responsiveness, and integrity. Demographic characteristics of society, educational levels, urban and rural populations, and socioeconomic status are considered control variables. The present study considers the following dimensions for analysis: i) peoples' perceptions of local governments, ii) peoples' social security awareness, iii) satisfaction level, iv) level of trust in federal government, and v) ease of receiving services.

Figure 1 Conceptual Framework Flow- Chart



From the given dimensions, dimension (i) is the result of government performance and other dimensions capture performance of local and federal governments. So, performance of the governments is input variable and dimension (i) is the outcomes variable.

4 Results

Perception on Local Governments

The descriptive statistics in Table 1 demonstrate that there has been an increase in perceptions of local government capacity, with the greatest mean score (48.25%) suggesting that almost half of respondents across the survey years felt that restructuring had improved local government capacity. There was considerable year-to-year variation, as indicated by the relatively high standard deviation (10.57). On the other hand, the perception of deterioration of the capacity has achieved very low mean value (6.08%) and only had very small variance ($SD = 1.41$), which shows that the negative perceptions of the deterioration of the capacity are uniformly kept low. The “neither improved nor deteriorated” group has a moderate mean at 27.83%, indicating that a significant number of participants hold neutral opinions. The high standard deviation associated with “too soon to tell” (11.24), with the share of the population viewing this option as “too soon to tell” dropping significantly from 26.7% in 2017 to under 4% in later years, suggesting that citizens’ views become clearer as they gain experience with the federal governance structure

Table 1 Citizens’ Perception of Local Government

Indicator	2017	2018	2020	2022	Mean (%)	Std. Deviation
Improved capacity	34.8	45.2	58.6	54.4	48.25	10.57
Deteriorated capacity	5.8	5.9	4.6	8	6.08	1.41
Neither improved nor deteriorated	19.8	34.2	26.9	30.4	27.83	6.12
Too soon to tell	26.7	6.3	3	3.9	9.98	11.24
Don’t know	12.8	8.8	6.9	3.3	7.95	3.96

Note. A Survey of the Nepali People, 2022

Social Security Awareness

Table 2 illustrates public awareness about the various social security provisions in 2020 and 2022 with the mean and standard deviation. There is overall strong recognition of established programs; awareness is high (mean > 80% with little standard deviation) for senior citizen allowance, single women allowance and disability allowance. Awareness is moderate for some of these programs such as health insurance benefits (mean 67%, $SD = 11.60$), child nutrition grant (mean 58%, $SD = 8.91$), and child protection grant (mean 55%, $SD = 6.36$), where the standard deviations are relatively high indicating possible significant differences in awareness in the two years, especially that of health insurance benefits. However, awareness is comparatively low about the benefits of contributions from employment (mean 28%, $SD = 1.84$) and grants for Loponmukh Adivasi (mean 32%, $SD = 0.99$) which clearly means that these targeted schemes are less popular. Overall, the results indicate that traditional social assistance programs are well known; while newer or targeted assistance programs need to be better communicated and made visible.

Table 2 Public Awareness of Social Security Schemes

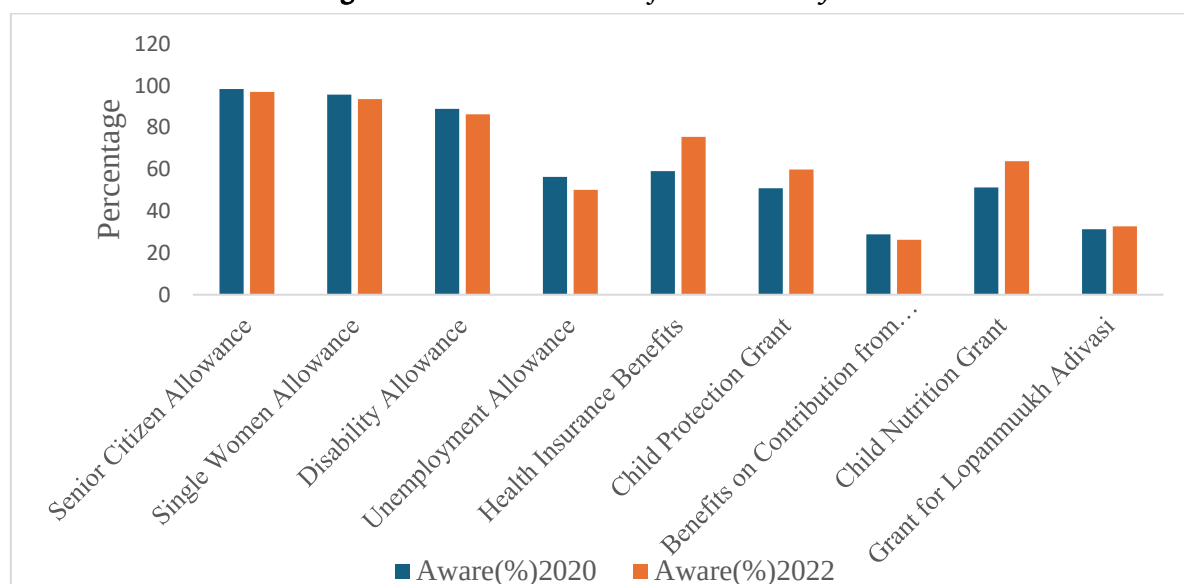
Provision	Aware(%) 2020	Aware(%) 2022	Mean (%)	Std Deviation
Senior Citizen Allowance	98	97	98	0.71
Single Women Allowance	95.7	93.6	95	1.48
Disability Allowance	88.9	86.3	88	1.84
Unemployment Allowance	56.4	50.2	53	4.38
Health Insurance Benefits	59.1	75.5	67	11.60

Provision	Aware(%) 2020	Aware(%) 2022	Mean (%)	Std Deviation
Child Protection Grant	50.9	59.9	55	6.36
Benefits of Contribution from Employment	28.9	26.3	28	1.84
Child Nutrition Grant	51.3	63.9	58	8.91
Grant for Lopanmukh Adivasi	31.3	32.7	32	0.99

Note. A Survey of the Nepali People, 2022

Illustrated bar diagrams listed in Figure 1 represent the fact vividly.

Figure 1 Public awareness of social security schemes



Satisfaction Level

Table 3 displays the average citizens' satisfaction level towards the social security programs in different provinces of Nepal during 2020 and 2022. The satisfaction level is measured on a scale of 0–10. The overall mean satisfaction score is 7.19, a low score that signifies citizens' general satisfaction with the social security system. There is however some variation between the provinces. Satisfaction level is highest in Sudurpashchim Province (7.76), and the next highest in Gandaki Province (7.63) indicating a comparative perception of the programs in these areas. The satisfaction level is also higher than the mean in Karnali Province (7.39) and Lumbini Province (7.22). In contrast, public perception is relatively weaker in Koshi Province (7.06) and Bagmati Province (6.89) as well as in Madhesh Province (6.41) which is the lowest. The standard deviation value of 0.46 indicates that the difference in satisfaction within the provinces is relatively small, which implies consistent regional differences in satisfaction with social security programs, with only modest differences.

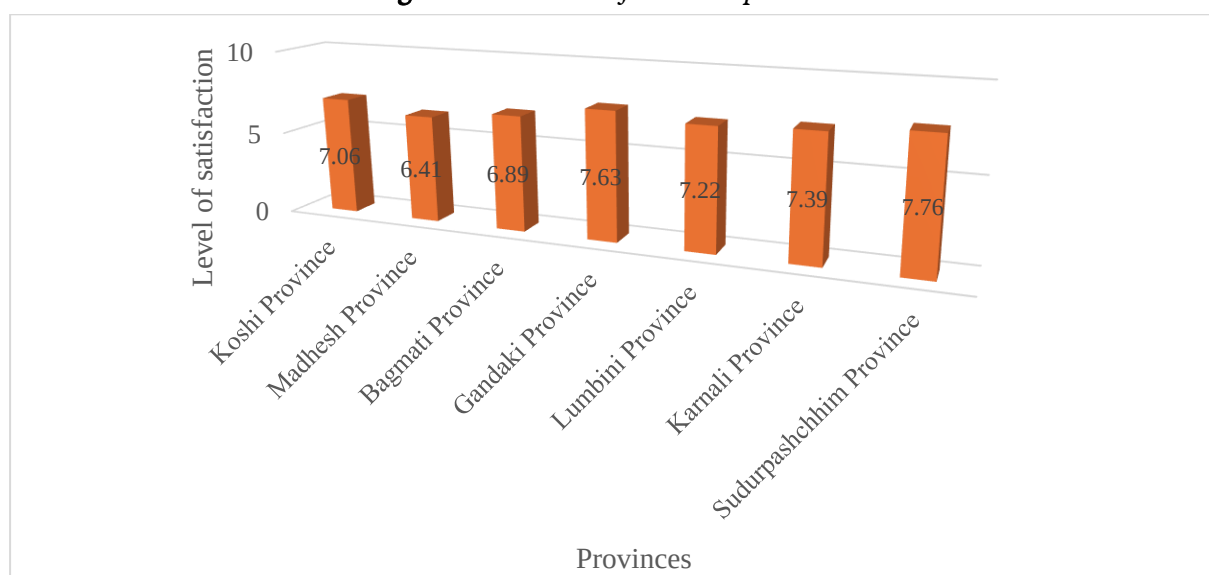
Table 3 Public Satisfaction in Different Provinces

Province	Satisfaction Level (Scale 0–10)
Koshi Province	7.06
Madhesh Province	6.41
Bagmati Province	6.89
Gandaki Province	7.63
Lumbini Province	7.22
Karnali Province	7.39
Sudurpashchhim Province	7.76
Mean	7.19
Standard Deviation	0.46

Note. A Survey of the Nepali People, 2022

Illustrated bar diagrams listed in Figure 2 represent the level of satisfaction in different provinces of Nepal, vividly representing the fact.

Figure 2 Public satisfaction in provinces



Level of Trust in the Federal Government

Table 4 shows the public confidence in various institutions in Nepal between 2017 and 2020. Overall, the findings indicate a higher degree of trust in security institutions and social organizations, and a lower degree of trust in political institutions compared to other institutions. The level of trust recorded by institutions like the Nepal Army, media or women groups was consistently high with figures mostly above 85-90 percent throughout the study period. Likewise, there is a relatively high level of trust in the armed police force and the civil police force, though there were some variations over time. The same applies to the trust in the armed police force, civil police force and courts, which also have relatively high levels of trust, with some changes over time. Political and government institutions are less trusted than other institutions, however. Trust in the federal government fell by 7.5% between 2017 and 2020, reaching 56.2% in 2020, while trust in the provincial government fell by 2.1% to 51.6% in 2020 and trust in political parties was the lowest at 44% in 2020. The new institutions are moderately trusted, e.g., local government (75.1%) and municipal wards (79.2%) have relatively high trust scores for local government, reflecting a relatively positive attitude towards local governance when compared to national political institutions. The overall mean trust level has dropped from 81.04% in 2017 to 69.81% in 2020, indicating a general trend of decreasing trust over time. The standard deviation rose from approximately 10 in previous years to 13.05 in 2020, suggesting that the level of trust among institutions grew more varied – making it less trusted in some institutions, but more trusted in others. Overall, the results suggest that security and community-based institutions are highly trusted while political institutions are not trusted by the public to a great extent.

Table 4 Trust in Federal Government.

Institutions	Trust in institutions (%)			
	2017	2018	2019	2020
Nepal army	88	87.7	90.6	91.2
Public Service Commission	NA	78	89	88.8
The media	92.2	91.3	91.8	88
Women's group	92	90.7	90.7	86.3
Armed police force	85.8	82.6	87.1	85.4
Civil police	86.5	78.2	85.7	79.7
Municipal wards	NA	NA	NA	79.2
Religious organizations	76.8	74.6	80.1	77.6

Institutions	Trust in institutions (%)			
	2017	2018	2019	2020
Courts	82.2	82.1	87.7	77.2
Government employee	NA	NA	82.7	76.9
Local government	NA	NA	NA	75.1
Judicial committee	NA	74	85.3	73.7
Human right defenders	78.9	76.4	78.7	74.7
Local committee leaders	NA	NA	NA	69.3
Social media	NA	NA	73.6	72.9
District coordination committee	NA	70.3	73.4	58.6
The federal government	63.7	64.7	67.2	56.2
The provincial government	NA	61.7	67.1	51.6
Political parties	64.3	58.2	56.2	44
Mean	81.04	76.46	80.43	69.81
St.deviation	10.28	10.23	10.34	13.05

Note. A Survey of the Nepali People, 2022

Ease for Receiving Services

Table 5 presents the type of services received by local governments, and how easy residents found it to receive the services in 2020 and 2022. Overall, the average percentage of respondents who received services decreased slightly from 22.64% in 2020 to 20.22% in 2022, reflecting a slight decrease in service uptake. The ease of receiving services, however, increased, in 2020, it was 90.69%, and in 2022, it was 93%, which indicates that citizens had better perception towards the local government service over time. Of the services, health checkups (65.8% in 2020 and 65.5% in 2022) and tax or land revenue services (around 35–42%) were among the most commonly received services, while services like judicial committee services, employment-related services, and business licenses were received by relatively fewer respondents. Although there are differences in the number of services used, the ease of receiving most of these services is still very high, in some cases above 90% with services related to school admission, social security allowances, tax and related services. The mean difference test further confirmed that the standard deviation for service receipt decreased from 19.75 in 2020 to 17.39 in 2022, resulting in a slight reduction in the service used, indicating that there was less variation in the types of services used in 2022. The mean difference test also found the standard deviation for ease of service reduced from 8.20 in 2020 to 4.43 in 2022, which meant that the perception of service accessibility became more consistent across services in 2022. This indicates that local governments generally did a good job in keeping services accessible for use and keeping them operating efficiently, even for less-used services. The findings have policy implications because they point to the need for specific intervention to boost awareness and accessibility of underused services and further improve processes of services that are easier to access. Overall, the trend is a gradual improvement in the performance of local governance and effectiveness of service delivery.

Table 5 Ease of Receiving Services through Local Governments (%)

Types of services rendered	Services received		Ease of receiving services	
	2020	2022	2020	2022
Recommendation for citizenship	17.6	23.4	89.2	87.3
Recommendations for other social security services (disability, senior citizen, etc.)	NA	14.8	NA	91.8
Social security allowance (Single woman, senior citizen, disabled)	22.9	18.3	95.3	96.1
Birth certificate, death certificate, marriage certificate, migration certificate	18.3	21.3	95	94.2
Migration certificate	NA	2.3	NA	94.8
Services related to employment	3.9	6.3	67.9	82
Services given by the judicial committee	2.2	4	89.9	92.3

Types of services rendered	Services received		Ease of receiving services	
	2020	2022	2020	2022
Services related to land tax/revenue	42.5	39.1	96.1	95.7
Admission to a government school	36.5	36.2	98.8	99.4
Health checkup at the government health post/hospital	65.8	65.5	95.4	95.2
Receiving service from the police	7.5	9.2	86.4	88.8
Business license	4.8	6.3	87.2	90.1
Tax-related work	40.2	35.6	96.1	96.3
Recommendation for other government work	9.5	12.3	91	94.5
Disability specific services	NA	8.7	NA	96.6
Mean	22.64	20.22	90.69	93
St. Deviation	19.75	17.38	8.19	4.43

Note. A Survey of the Nepali People, 2022

5 Discussion

The results indicate that there is a substantial share of citizens who feel that there have been improvements in the capacity of local government as a result of the federal restructuring. This reinforces the institutional concept that good governance requires strong and robust formal institutions (Hodgson, 1998). Local government restructuring seems to have improved the capacity of local governments to deliver essential services and develop their communities. As emphasized in literature, the working of the governance institutions in a federal form of government is highly reliant on administrative capacity, leadership and coordination among different levels of government (Dahal, 2017; Bhatta, 2021). High awareness exists of well-established social security programs and comparatively low for recently introduced or targeted programs, suggesting that the information dissemination and communication mechanisms are weak. This finding reinforces the idea that, for effective local governance, citizens need to be aware of the services and accessible (Shrestha, 2020). The levels of satisfaction related to social security programs are relatively high, indicating positive perceptions of social security program delivery at the local level, but there are some differences across provinces, suggesting that inequalities in social security program delivery persist. As in earlier research, disparities in local capacity, resource allocation, and socio-economic factors can lead to regional disparities in service delivery outcomes (Engerman & Sokoloff, 2008; Khodary, 2016; Sharma, 2019).

The analysis indicates that citizens are more likely to trust local governments compared with federal and provincial governments and institutions, although trust in these political institutions is comparatively low. This is in line with the literature that highlights the need for institutional effectiveness, accountability and responsiveness in building public trust (OECD, 2017; Stiglitz, 2013). Local governments' accessibility may contribute to the building of trust because they can interact with citizens and provide services. However, the trust in political structures remains low due to issues of corruption, transparency and the lack of rule of law (Acharya & Scott, 2022). The results also confirm the conceptual framework of the study, in which citizen participation is treated as a key factor between governance performance and citizens' trust. In line with participatory governance theory, citizens' participation increases accountability and institutional legitimacy (Ostrom, 2007; Kim & Lee, 2012). The moderate level of trust along with the varying levels of awareness and satisfaction suggest that participation and engagement processes are not fully matured in the local governance system in Nepal. In general, the discussion agreed that federal restructuring has helped build the capacity of local governments and increased access to services, but with continued institutional strengthening, inclusive participation, effective communication, and equitable service delivery across Nepal will be necessary to maintain citizens' trust.

6 Conclusion and Implications

This paper has analyzed how the concept of local governance and citizen trust are interconnected in Nepal in the framework of the federal system of governance offered by the new Constitution of 2015. The findings suggest that restructuring of local government under a federal system has led to a boost in the perception of the level of governance capacity on average. One of the important percentages is the one that the capacity of the local government has increased since the introduction of the federal system. The steep decline in the number of respondents who indicated they had no idea about the performance of the local government is also an indicator that the citizens are trying to make a judgment about the new form of governance.

The study also shows that the old social security measures such as pensions for senior citizens, disability benefits and assistance to single females are still well-liked by citizens. However, there is not much knowledge of more recent or even more specific programs, and it can be assumed that information is not disseminated well enough. The citizens' satisfaction with social security programs is generally positive and the level of satisfaction is above seven out of ten. In contrast, satisfaction was found to be relatively equal in all provinces, but there are some differences between regions, particularly in the Madhesh Province where satisfaction was relatively low.

The analysis also presents a difference in the trust of the people in institutional aspects. There are a lot of things that are generating high levels of trust in the security institutions, the media houses and the community, and the political institutions are getting relatively low levels of trust. There is moderate trust in local institutions of government, meaning that there are areas that still need to be improved regarding transparency, accountability and responsiveness.

Overall, the results indicate a slight decrease in the percentage of citizens getting services from local governments in 2020-2022, while the ease of access to services has increased. Most of the services provided by local government can be considered available, representing the slow progress made over administrative efficiency and service delivery. Finally, it seems that good local governance plays a decisive role in building citizens' trust. Raising the level of transparency of the institutional performance and intensifying service delivery will be the key to consolidating the trust that the people expect from the federal government of Nepal.

Policy Recommendations

A few policy suggestions are proposed based on the findings to strengthen local governance and increase citizens' trust on Nepal.

- Firstly, local government is expected to improve its transparency and accountability system, make information more accessible to people, and improve financial transparency and anti-corruption measures. Such projects can greatly help to establish trust with citizens in local governments.
- Secondly, it is very important to highlight the strengthening of citizens' participation in governance processes. Participation planning, participatory consultations and community engagement in decision making can bolster policy responsiveness and democratic legitimacy.
- Thirdly, government agencies should raise public awareness about the new social security schemes and the social services. Community outreach and online technologies can be effective communication tools to increase citizens' awareness of services available.
- Fourth, the capacity-building programs of the local government officials need to be empowered to enhance the efficiency of the local administration and performance of the governance.
- Finally, local government actions need to address the issue of regional differences in service provision. Increasing transparency, participation and institutional capacity will help the local governments build citizens' confidence to build further effective and inclusive governance in Nepal in the long term.

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