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Revisiting Local Governance Discourse: Theoretical Foundations and Legal Trajectory in Nepal

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Abstract

This paper addresses the central research question: to what extent do local government theories contemplate the fundamental essence of local governance and its accountability? Drawing on an extensive review of secondary literature, including books, academic journals, and policy documents, the study explores key theories, including governance theory, deliberative democracy, public choice theory, and accountability approaches. The analysis is thematically structured, beginning with conceptual clarifications and progressing toward theoretical and policy-oriented insights. The findings reveal that the philosophical foundation of local government is rooted in liberal democratic values, public choice theory, and the principles of decentralization. The paper highlights that decentralized governance systems require proximity-based engagement between service providers and citizens, with social accountability serving as a key mechanism. In Nepal, the trajectory of local governance reflects a gradual shift from centralized control toward a more participatory and decentralized model, marked by legislative and constitutional milestones, including the Local Government Operational Act 2017 and the 2015 Constitution. Overall, the study offers a comprehensive synthesis of the theoretical underpinnings and conceptual frameworks surrounding local government and its accountability. It emphasizes the evolving ideology of local governance, emphasizing responsiveness, ethics, effectiveness, and citizen-centric service delivery.

Keywords: local government, decentralization, accountability, governance theory

Revisiting Local Governance Discourse: Theoretical Foundations and Legal Trajectory in Nepal

Local government (LG) comprises the authority and institutional structure, whereas governance refers to the art of governing and the operational style of government. Conceptually and theoretically, local governments are regarded as the closest tier of governance, accountable to local communities for service delivery, and functioning as instruments of local democracy by providing services tailored to the specific needs and contexts of their constituencies (Odalen & Erlingsson, 2017; Shah, 2006). However, over the past few decades, local governments have undergone significant changes worldwide due to the influence of global trends (Andrew & Goldsmith, 1998). As a result, the effects of globalization have transformed the normative structure of LG into a model of local governance (Ford & Ihrke, 2018). In this context, this review paper critically re-examines the concept of local governance and its accountability mechanisms within both local and global discourses.

This paper discusses the ontological foundations of social accountability within the theoretical frameworks of LG and governance. It primarily engages with key theories, namely, local government, accountability, deliberative democracy, decentralization, and governance theory, to examine how these conceptual frameworks contribute to the promotion of effective local governance through the lens of social accountability. Furthermore, the paper critically assesses the core concepts of local government from selected theoretical perspectives that underpin and support the principles of local governance and accountability.

This paper analyzes two major thematic areas of local governance accountability and the deliberative process within the context of global practices. Over the past half-century, Nepal has undergone a significant structural transformation in its system of governance. Accordingly, this meta-analysis seeks to examine the legal transitions and institutional provisions related to accountability within Nepal's evolving local democracy. The study is primarily based on secondary sources, including relevant literature and data from both global and Nepalese contexts.

Research Questions

- I. To what extent do the concepts and theories of local government provide an ideological basis for understanding its fundamental principles and functions?
- II. How do theoretical frameworks of local governance inform and support accountability mechanisms for achieving effective local governance?

III. What are the legal transitions that have shaped the development of local democracy in Nepal?

Methods and Materials

This paper employs a theoretical and conceptual synthesis grounded in an interpretative paradigm, drawing on an extensive review of literature related to local governance and accountability. Two major mainstream theories and conceptual frameworks (governance and deliberative democracy) were purposefully selected in alignment with the research questions to examine the ontological underpinnings of local governance and its accountability mechanisms. The selected theories and approaches were critically examined in relation to the core themes embedded within the research questions. While the process of literature selection was comprehensive, it remained deliberately selective to ensure relevance and analytical depth concerning the study's central issues.

The sources for the theoretical review were primarily consulted through library resources, with the majority of literature accessed via reputable online databases and search engines. Electronic databases such as Google Scholar, Sci-Hub, Library Genesis, Shodhganga, and the Tribhuvan University e-library platform (tucl.remotexs.co) were utilized to obtain relevant data and scholarly materials. The selection criteria for the literature were rigorous, prioritizing sources with verified identifiers, including books with ISBNs, peer-reviewed journal articles featuring DOI numbers, research reports, policy documents, and academic dissertations. These sources were considered within both global and national contexts. Additional literature was sourced from university libraries and various research institutions to ensure comprehensive coverage of the subject matter. Table 1 presents the process of selecting and reviewing literature for the meta-analysis conducted in this study.

Table 1

Selection and Review of References Used in the Study

Description	Download from e-resources	Selected on End Note Library	Reviewed for Study
Books	30	22	17
Journal Articles	126	54	32
Reports	12	10	9
Policy Documents	26	7	6
Edited Books	19	16	8
Thesis\ Dissertation	4	3	2

Total References	217	112	74
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Note. This table presents the classification of references based on their type and the stages of the research process, including the total number of sources downloaded from e-resources, those selected and organized in the EndNote library, and the final number reviewed and analyzed for the study.

During the initial phase of the study, all references, data, and pertinent literature were systematically organized and stored in a dedicated folder. Subsequently, thematic groups were established within the EndNote reference management software, enabling the categorization of sources according to key research concepts and thematic issues. EndNote was also employed to ensure consistent and accurate formatting of in-text citations and reference lists throughout the study.

This paper seeks to critically revisit relevant theories and concepts within the research domain of local governance and accountability. A comprehensive literature review is conducted to examine how various theoretical perspectives and approaches contribute to enhancing effective local governance and service delivery. The theoretical review is structured thematically and conceptually to maintain analytical coherence. The majority of the literature reviewed spans from the 1980s to the present, reflecting the period during which governance discourse gained prominence in the global context.

In addition to the theoretical review, policy documents are examined within both international and national contexts. At the international level, policies related to local governance were reviewed to draw out key themes and understand the application of theory at the global level. At the national level, policy-related documents are primarily reviewed from the post-1990 period, following the restoration of democracy in Nepal, which marked a significant shift in recognizing local governments as decentralized and autonomous entities. Key national documents, including LG legislation and the current Constitution of Nepal, are analyzed with particular attention to provisions concerning local governance and accountability. The review culminates in a focused conclusion that synthesizes key insights from the theoretical and policy literature.

Conceptual Review of Local Governance

The concept of local government (LG) does not possess a single, universally accepted definition; however, scholars generally conceptualize it as a decentralized governance framework entrusted with the administration of local affairs through democratically elected representatives who are accountable to the local populace (Asaduzzaman, 2009; Gokhale,

1971; Snape, 2011; Stones, 1963) It is characterized by features such as a defined territory and population, local autonomy, the authority to levy taxes, and a focus on service delivery within a specific locality(Bowman & Kearney, 2011; Lowell, 2005; Sachdeva, 2011).

Although no comprehensive theory fully explains local government, its functional value and proximity to the people have established it as a vital tier of governance globally (Chandler, 2008; Odalen & Erlingsson, 2017). Over time, global political influences have shaped and redefined local government structures through both evolutionary and revolutionary processes (Andrew & Goldsmith, 1998; Humes, 1959). Despite the absence of a comprehensive theoretical framework, local government remains an indispensable component of democratic local governance.

Liberal democratic theory provides a philosophical foundation for local government by emphasizing community self-regulation, participatory governance, and ethical autonomy. Thinkers like J.S. Mill argue that local governance not only enhances decision-making efficiency but also serves an educative and moral function by fostering active citizenship and protecting community liberties (Chandler, 2008; Parthasarathy & Rao, 2017; Scarre, 2007). This theory underscores the importance of allowing communities the freedom to manage their own affairs, as long as they do not infringe upon the rights of others, thus framing local government as a guardian of communal liberty and deliberative democracy.

Public choice theory complements this by asserting that competition among local governments, political parties, and service providers leads to better performance and service delivery (Boyne, 1998). It supports the idea that decentralized decision-making and local accountability foster greater efficiency and responsiveness to citizens' needs (Shah & Shah, 2006). However, practical application of this theory remains contested, especially in contexts where competition is limited or monopolized, and where market-driven reforms risk sidelining public welfare and diluting the role of public institutions.

Decentralization theory further reinforces the value of local government by promoting the transfer of authority from central to local entities for more effective governance. It is widely seen as essential to democratic governance, enhancing public participation, service delivery, and sustainability (Bevir, 2007; Faguet, 2000; Hossain, 2007; Sellers & Lidstrom, 2007; UNDP, 1997).In both unitary and federal states, decentralization has been recognized as a global reform trend aimed at improving accountability and efficiency by empowering local actors (Ivanya & Shah, 2012). Nevertheless, the practical integration of decentralization principles into local governance continues to raise questions about the depth

of accountability and the extent to which local governments truly embody autonomous and responsive decision-making structures.

The concept of governance broadly refers to the exercise of political, economic, and administrative authority in managing a country's affairs at all levels, encompassing the mechanisms and institutions through which citizens express interests, resolve differences, and uphold legal rights (UNDP, 1997). Good governance builds on this by emphasizing principles such as participation, transparency, accountability, rule of law, and inclusiveness, ensuring that decision-making reflects societal consensus and particularly considers the voices of the most vulnerable (UNDP, 1997). Sound governance, as an alternative term, promotes participatory and inclusive governance rooted in societal values, integrating the state, civil society, private sector, and global institutions in a dynamic and responsive process (Farazmand, 2012).

Democratic governance extends these ideas by focusing on political freedom, human rights, and non-discrimination, emphasizing the creation of fair and efficient institutions through democratic processes (Misuraca, 2007). Effective governance is defined by citizen-centered service delivery and responsive local administration, enabled by decentralization and efficient public affairs management (Misuraca, 2007; Shah, 2006). Multi-level governance captures the complex, overlapping roles of various state and non-state actors in modern governance, highlighting coordination, shared responsibility, and accountability challenges (Bache & Flinders, 2004). Lastly, e-governance involves the use of digital technologies in public administration to enhance transparency, citizen interaction, and service delivery, aligning with broader governance reforms (Misuraca, 2007). These interrelated aspects of democratic governance, efficient administration, multi-tier coordination, and e-governance together exemplify the changing character of contemporary local governance.

Local Governance and Accountability

Accountability has evolved from its traditional association with financial record-keeping to a central principle of modern governance, both in the public and private sectors (Addink, 2019). Since the 1960s, its relevance has expanded in fields like social work, public administration, law, and political science, where it is recognized as vital for ensuring effective service delivery (Borrero et al., 1979; Bovens et al., 2014). Today, accountability is widely regarded as a cornerstone of good governance, emphasizing transparency, responsibility, and accountability in decision-making processes in governance and development (Claasen & Lardies, 2010).

Bovens (2007) conceptualizes accountability in both broad and specific terms. In its

broad sense, it relates to values like fairness, responsibility, and responsiveness, while specifically, it entails an obligation to justify one's actions before a forum capable of evaluation and sanction. Accountability thus implies a relationship where the actor is held to account by a forum, which has the authority to question and assess performance. Claasen and Lardies (2010) reinforce this by highlighting the legal and democratic foundations of accountability, wherein public officials are obligated to report and justify their actions to citizens who confer legitimacy through democratic processes.

The principle of accountability has deepened over time through several transformative shifts from simple financial accounting to broader public accountability; from legal compliance to performance; from internal to external reporting; and from vertical, top-down models to horizontal, participatory approaches (Addink, 2019). Gyong (2014) adds that accountability involves two key elements: answerability (the obligation to explain) and enforcement (the ability to sanction). Frink and Klimoski (2004) suggest that accountability spans formal/informal systems and internal/external forums, reflecting its complexity and necessity in governance.

Multiple frameworks identify different types of accountability based on actor, conduct, obligation, and forums ranging from political, legal, and administrative to financial and social accountability (Bovens, 2007; Gyong, 2014; World Bank, 2009). Among these, social accountability has gained prominence, especially in the early 2000s, as a citizen-led effort to hold governments accountable outside electoral systems (Joshi, 2017). Rooted in civic engagement, it involves actions by citizens and civil society organizations to monitor public service delivery and influence decision-making (Claasen & Lardies, 2010; Malena et al., 2004).

While social accountability has been widely promoted, scholars like Brinkerhoff and Wetterberg (2015) caution against oversimplifying it, emphasizing the need for context-specific mechanisms and stronger state-society collaboration. As highlighted in the World Bank's (2004, 2009) reports, social accountability complements formal mechanisms and emphasizes citizen empowerment, participation, and responsiveness. Fox (2015) and Joshi (2008) emphasize its reliance on media, judiciary, and social mobilization as tools for reform. Ultimately, social accountability serves as a powerful means to enhance governance, reduce corruption, and ensure that public services align with citizen needs and rights (Basel Institute on Governance, 2016).

Theoretical Inquiry

Governance Theory

Governance theory has evolved as a multidimensional concept reflecting the transformation of public administration, particularly following the neoliberal reforms of the 1980s and 1990s (Bevir, 2007). Rather than a centralized, state-centric approach, governance now emphasizes decentralized, network-based structures where multiple actors, the state, private sector, and civil society interact to make collective decisions (Chhotray & Stoker, 2009). Rhodes (2016) articulates governance as interdependence among organizations, trust-based interactions, and autonomous networks that are self-organizing and not solely accountable to the state. These conceptualizations highlight the shift toward more collaborative and pluralistic mechanisms of public management, where accountability, responsiveness, and rule-based negotiation guide the governance process (Addink, 2019; Kjaer, 2011).

Building on this theoretical evolution, New Public Management (NPM) has emerged as a key reform agenda within governance, emphasizing performance, efficiency, decentralization, and citizen-oriented service delivery (Kharel, 2019; Lane, 2000). NPM incorporates private sector techniques into public administration to promote results-based accountability and improve service outcomes, particularly at the local level. Institutions like the World Bank and UNDP have further integrated governance into development discourse, framing it as a process involving the interaction of various stakeholders within formal and informal rules (World Bank, 2017). Consequently, governance theory today reflects both structural changes in how public authority is exercised and normative concerns around participation, legitimacy, and human development.

Deliberative Democracy Theory

Deliberative democracy theory emphasizes the centrality of reasoned, inclusive, and public discourse in democratic decision-making. Unlike traditional models based on majority rule or elite representation, deliberative democracy demands that decisions be justified through rational deliberation among citizens and their representatives (Bohman, 1996; Gutmann & Thompson, 2004). This model views democracy not only as a set of electoral procedures but as a participatory process where individuals engage in collective reasoning to reflect on the common good (Barabas, 2004; Melo & Baiocchi, 2006). Theorists such as Rousseau and John Stuart Mill have long emphasized the educative and ethical value of such participation. Habermas further advanced this theory with his “discourse ethics,” asserting that legitimate norms and decisions arise from open, coercion-free deliberation among all those affected (Cameron et al., 2007; Vitale, 2006). Deliberative systems aim to ensure mutual respect, inclusive participation, and rational justification, which reinforce both

democratic legitimacy and civic empowerment (Parkinson, 2012). However, empirical critiques (Morrell, 2005) caution that real world deliberation may sometimes be inefficient or exclusive, underscoring the need for carefully structured processes.

Applied to local governance, deliberative democracy offers a mechanism to address accountability deficits and enhance transparency through citizen engagement. Governance, as Chhotray and Stoker (2009) explain, is rooted in collective rule-making among diverse actors where no central authority dominates. Similarly, local governance functions through contested arenas involving multiple stakeholders and institutions. Within this context, deliberative democracy promotes mechanisms where leaders must justify decisions and respond to public reasoning, thereby reinforcing downward accountability and inclusive governance (Bevir, 2007; Sanu George, 2017). When citizens actively participate in policy discussions, it not only increases the responsiveness of local institutions but also contributes to more rational and legitimate decisions (Gutmann & Thompson, 2004). Thus, deliberative democratic practices such as civic dialogue, participatory forums, and reason-based consensus strengthen the effectiveness and legitimacy of local governance in diverse and complex societies.

Local Government Policy in Global Perspectives

The World Bank (2006) defines local government as institutional entities established by national constitutions, state legislation, or executive orders to provide public services within defined geographic areas. These legal foundations vary globally, ranging from constitutional mandates in countries like Brazil and Japan to executive orders in China, but they share a common purpose: bringing governance closer to citizens through efficient service delivery and participatory decision-making. Shah and Shah (2006) identify five theoretical perspectives shaping local governance: traditional fiscal federalism, new public management, public choice, new institutional economics, and network governance, highlighting their focus on addressing market failures and enhancing public service provision. Despite structural differences across countries, there is no universal model for local governance, as institutional arrangements are shaped by national contexts. Complementing this, Kersting et al. (2009) note that since the 1990s, local government reform has become a global phenomenon, encompassing decentralization, political reform, and participatory governance. Reforms vary by region: developed countries have expanded welfare services at the local level, while countries in Latin America, Africa, and Asia have emphasized democratization, social inclusion, and improved local accountability and service delivery. In

particular, we can observe the following local government responsibilities of a few countries in the table around the world:

Table 2

Comparative Responsibilities of Local Governments across Selected Countries

Country	Town Planning	Education (basic)	Health (primary)	Water/Sewerage	Energy	Transport	Security
No (only)							
Germany	Yes	kinder garden)	No	Yes	Partly	Yes	No
England	Yes	Partly	Partly	Partly	Partly	Partly	Partly
Sweden	Yes	Yes	Yes	Yes	Partly	Partly	Partly
France	Yes	Yes	Partly	Partly	Partly	Partly	Partly
South Africa	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nigeria	Yes	Yes	Yes	Yes	No	Yes	Yes
Uganda	Yes	Yes	Yes	Yes	No	Yes	Yes
China	Yes	Yes	Yes	Yes	Yes	No	Partly
Indonesia	Yes	Yes	Yes	Yes	No	Yes	No
Malaysia	Yes	No	No	Yes	No	Yes	No
Bolivia	Yes	Yes	Yes	Yes	Yes	No	Yes
Paraguay	Yes	No	No	Yes	No	Yes	No
Chile	Yes	Yes	Yes	No	Partly	Yes	Yes
Nepal	Yes	Yes	Yes	Yes	No	Partly	Partly

Note. This table presents the responsibilities of local governments across various sectors such as town planning, education, health, water/sewerage, energy, transport, and security in selected countries. "Yes" indicates full local responsibility, "Partly" denotes shared or limited responsibility, and "No" signifies that the responsibility is primarily held by higher levels of government. The table highlights variations in decentralization and the scope of local governance across different national contexts. The information of the table is taken from United Cities and Local Governments 2007(UNDP) as cited in Kersting et al. 2009, pp. 24.

The data indicate that while town planning is universally delegated to local governments, there is notable variation in the decentralization of other basic services.

Countries like South Africa, China, and Uganda exhibit comprehensive local governance across sectors, whereas Germany restricts local roles in education. In contrast, Malaysia and Paraguay maintain centralized control over key services, reflecting limited local autonomy. European nations such as England and France adopt a partially devolved model, particularly in infrastructure sectors, balancing local implementation with national oversight. Developing countries like Nepal, Indonesia, and Bolivia show moderate to high decentralization in service delivery, though constraints remain, particularly in sectors like energy and transport.

Table 3

Political Systems and Decentralization Structures across Selected Countries

Country	Political System:	Type of State:	Number of Municipalities	Supra Communal (districts/ department)	Number of Regions\ Province
	Presidential/ Parliamentary	Unitary/ Federal			
Germany	Parliamentary	Federal	12,366	323	15
England	Parliamentary	Unitary	82	316	4
Sweden	Parliamentary	Unitary	289	24	
France	Semi presidential	Unitary	35,000	100	25
South Africa	Mixed parliamentary	Federal	231	47	9
Nigeria	Presidential	Federal	774	-	36
Uganda	Presidential	Unitary	101	79	
China	Unitary	Unitary	2860	333	34
Indonesia	Presidential	Unitary	450	n/a	33
Malaysia	Parliamentary	Federal	144	16	
Bolivia	Presidential	Unitary	327	9	n/a
Paraguay	Presidential	Unitary	231	17	n/a
Chile	Presidential	Unitary	345	15	n/a
Nepal	Presidential	Federal	753	77	7

Note. The table presents the relationship between political systems, administrative structures, and levels of subnational governance across various countries. It includes the type of political system, the nature of the state (unitary or federal), the number of municipalities, supra-

communal units (districts/departments), and the number of regions or provinces. Source: United Cities and Local Governments (2007), as cited in Kersting et al., 2009, p. 26.

Table 3 illustrates the relationship between political systems and administrative decentralization, highlighting that federal states like Germany, South Africa, Nigeria, and Nepal tend to support multi-tiered governance with a higher number of municipalities and regions, facilitating vertical decentralization. However, unitary states show significant variation; France and China demonstrate extensive administrative fragmentation despite centralized political control, while countries like England and Sweden reflect more consolidated or service-oriented local governance. Presidential unitary states such as Bolivia, Paraguay, and Chile display limited decentralization with fewer intermediary units. Nepal's transition to federalism marks a shift toward greater local autonomy. Overall, the structure and extent of decentralization are shaped more by historical and administrative contexts than by the political system alone.

Legal Trajectory of Local Governance in Nepal

The evolution of local government in Nepal spans from the pre-historical periods of the *Kirat*, *Lichchhavi*, and *Malla* eras (200 B.C.–1768 A.D.) to the present federal structure. Modern administrative reforms began during the first democratic transition period (1951–1960), marking a shift toward institutionalized governance (Bhattarai, 2008). The Panchayat era (1960–1989), under absolute monarchy, introduced zonal and district divisions alongside local governance structures such as *Gilla Panchayat*, *Nagar Panchayat*, and *Gaun Panchayat* (Kharel, 2020). The 1990 People's Movement reinstated multiparty democracy and constitutional monarchy, initiating administrative reforms rooted in legislation and democratic principles. However, the Maoist insurgency (1996–2006) disrupted local governance until the Comprehensive Peace Accord in 2006. The declaration of Nepal as a Federal Democratic Republic in 2008 and the promulgation of the 2015 Constitution institutionalized a three-tiered governance system, federal, provincial, and local granting constitutional autonomy and expanded responsibilities to local governments. This historical trajectory emphasizes the shifting dynamics of governance and decentralization, particularly in the post-1990 democratic context.

Local Self Governance Act (LSGA) 1999

Over the past six decades, Nepal has developed several legal frameworks aimed at decentralizing governance, with the Local Self-Governance Act (LSGA) of 1999 standing out as a key milestone. The LSGA granted significant autonomy to local bodies, District Development Committees (DDCs), Village Development Committees (VDCs), and

municipalities, empowering them to manage resources and implement development initiatives independently. The Act also emphasized social inclusion by mandating female representation, resulting in the appointment of approximately 40,000 women to leadership positions (Pokharel et al., 2004). Despite its progressive intent, the dissolution of elected local bodies just three years after the LSGA's enactment, coupled with the absence of periodic elections, left administrative authority largely in the hands of civil servants. While the Act was seen as a departure from previous centralized governance models, it still contained significant ambiguities, particularly in the delineation of powers and responsibilities among different tiers of government, leading to overlapping jurisdictions and conflicts in sectors like agriculture, forestry, education, and health (Rai & Paudel, 2011).

Furthermore, the LSGA fell short in ensuring true autonomy for local governments, especially in revenue generation and policy-making. Although its stated objective was to promote downward accountability and participatory governance, certain clauses, such as Clause 234 and Article 238, reinforced upward accountability by allowing central oversight, supervision, and even the suspension of local bodies. These provisions effectively maintained a hierarchical power structure, limiting the independence of lower-level governments and reinforcing central dominance, particularly through control over special grants and conditional funding (Rai & Paudel, 2011). Consequently, while the LSGA marked a significant step toward decentralization, its limitations hindered the full realization of autonomous and self-governing local institutions.

Constitution of Nepal (2015)

The 2015 Constitution of the Federal Democratic Republic of Nepal formally established a three-tiered governance structure, federal, provincial, and local, marking a significant shift in Nepal's constitutional history. For the first time, local governments were granted constitutional recognition, with clearly defined legislative, executive, and judicial roles (Pradhan, 2019). Articles 56 and Parts 17 to 20 of the Constitution detail the structure, responsibilities, and inter-governmental relations, ensuring local governments operate with a distinct mandate. The Constitution mandates inclusive representation in local governance, requiring the election of women and members from Dalit or minority communities (Nepal Law Commission, 2015).

Moreover, legislative competencies are distributed across different levels of government. Schedule 5 outlines exclusive federal powers, Schedule 6 addresses provincial responsibilities, while Schedule 8 specifies 22 exclusive areas for local governments, such as education, local taxation, health services, and disaster management. Additionally, 15 areas

fall under concurrent jurisdiction among all three tiers. Currently, Nepal comprises 753 local governments, 293 urban and 460 rural municipalities with fully elected local bodies in place. While these units possess constitutionally delegated authority, their power remains relatively limited in practice, reflecting a continued evolution of Nepal's federal governance model (Nepal Law Commission, 2015).

Schedule 8 of the Constitution of Nepal delineates 22 exclusive powers for local governments, signifying a substantial devolution of authority intended to foster localized governance. This expansive mandate grants local jurisdictions comprehensive control over critical sectors, including fiscal autonomy through local taxation (Item 4), administrative functions such as policing and local record management (Items 1, 13), and primary responsibility for social development through basic education and health services (Items 8, 9). Furthermore, their powers extend to managing local infrastructure (roads, water supply), environmental protection, agriculture, disaster management, and the preservation of local culture, thereby positioning them as key autonomous units for holistic community development. However, the actual execution of these powers remains a challenge due to institutional capacity gaps, overlapping responsibilities with higher tiers of government, and inadequate fiscal devolution. Thus, while Schedule-8 is a progressive constitutional tool for empowering local governance, its effectiveness depends on clear intergovernmental coordination, capacity building, and legal clarity in implementation.

Local Government Operation Act 2017

The Local Government Operation Act (LGOA), 2017 was enacted by the federal government in alignment with the 2015 Constitution to operationalize the constitutional mandates of local governments in Nepal. As a comprehensive legal framework comprising 121 clauses, the LGOA delineates the formation, structure, powers, and responsibilities of rural and urban municipalities(Nepal Law Commission, 2017). It promotes a governance model rooted in cooperation, coordination, and coexistence, with a strong emphasis on citizen engagement, inclusivity, accountability, and service delivery. The Act affirms local governments' authority to exercise executive, legislative, and judicial powers, particularly through provisions such as Clause 47, which establishes judicial committees and mediation mechanisms to resolve disputes at the local level (Pradhan, 2019). Furthermore, the Act empowers wards, being the closest units to citizens, by delegating administrative and developmental responsibilities, including document verification, budget participation, and certification functions.

Despite its transformative intent, the LGOA has faced critical implementation challenges. Although local governments possess constitutionally granted authority and legislative power (as outlined in Schedule 12), their effectiveness is hampered by continued dependency on federal directives, lack of clarity in intergovernmental roles, insufficient human resources, and frequent conflicts between elected officials and administrative staff (Chaudhary, 2019). Scholars have also noted the Act's failure to resolve overlapping legal provisions and its inability to strengthen the professional capacities of local representatives and staff (Acharya & Scott, 2022). Moreover, vague delegation of certain federal functions further complicates local governance. While the LGOA was envisioned to unbundle exclusive and concurrent rights of local levels to ensure autonomy and efficiency, its practical limitations emphasize the need for clearer legal harmonization, capacity enhancement, and institutional support to achieve its goals in a federal democratic system.

Discourse on the Rationality of Local Governance

The discourse of local governance is deeply rooted in theoretical frameworks that emphasize democratic participation, efficiency, accountability, and decentralization. From the perspective of liberal democracy, thinkers like J.S. Mill assert that local governments play a critical role in fostering civic responsibility and political stability through participation in local affairs (Chandler, 2010). Public choice theory complements this view by advocating for competition among service providers and political actors to enhance service efficiency and responsiveness at the local level (Boyne, 1998). Likewise, the concept of decentralization underlines the necessity of devolving authority to local administrative units to empower citizens and improve governance outcomes (Hossain, 2007; Shah & Shah, 2006). These theoretical paradigms collectively support the rationale that local government, as the closest tier to the people, is best positioned to understand and respond to local needs.

Governance theory highlights the changing role of the state by emphasizing participatory decision-making, network-based governance, and stakeholder collaboration in public administration (Bevir, 2007; Chhotray & Stoker, 2009). Deliberative democracy further stresses the value of reasoned public discourse and collective decision-making in strengthening legitimacy and responsiveness at the local level (Gutmann & Thompson, 2004; Parkinson, 2012). Accountability, both institutional and social, remains central to ensuring that public officials justify their actions and citizens remain actively engaged in governance processes (Bovens, 2007; Fox, 2015). Overall, effective local governance depends on integrating these theoretical principles with institutional mechanisms that promote citizen

participation, responsiveness, and downward accountability to achieve democratic and developmental objectives (Shah, 2006; Shahi, 2020).

Nepal's local governance policy reflects a gradual transition from centralized control to decentralized and participatory governance. Constitutional and legislative milestones, notably the Local Self-Governance Act (1999), the Constitution of Nepal (2015), and the Local Government Operation Act (2017), have institutionalized federalism by recognizing local governments as a distinct tier with defined powers and administrative autonomy. However, despite a strong normative framework, effective implementation remains constrained by limited institutional capacity, unclear intergovernmental coordination, and persistent central oversight. Consequently, the realization of decentralized governance depends on sustained political will, legal coherence, and systematic capacity development across all levels of government.

Conclusion

This synthesis highlights that local governance is shaped by the interplay of theory, law, and practice. Democratic and governance theories justify local autonomy, accountability, and citizen participation, positioning local governments as key instruments of democratic legitimacy. In Nepal, constitutional and legal reforms have strengthened decentralization in principle; however, weak institutional capacity, legal ambiguities, and continued central dominance constrain effective implementation. Thus, effective and equitable local governance requires aligning theoretical principles with clear legal frameworks, strong political commitment, and participatory mechanisms that ensure accountability and responsive local administration.

The study reveals that governance theory enriches the foundation by emphasizing citizen participation, inter-organizational networks, public-private partnerships, and institutional autonomy. Deliberative democracy further reinforces the accountability dimension of local government by advocating for transparency, justification of decisions, and participatory decision-making. Accountability emerges as a core tenet of effective local governance, closely linked to service delivery, citizen empowerment, and democratic responsiveness.

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