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Local Government Functions in Health, Agriculture and Livestock, and Disaster Management

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**Democracy Resource Center Nepal
Lalitpur**

Local Government Functions in Health, Agriculture and Livestock, and Disaster Management

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The field visits were conducted, and the report written, by the team of DRCN researchers that comprised Ankalal Chalaune, Anusha Basnet, Chiran Manandhar, Ishwari Bhattarai, Nirashi Thami, and Shekhar Parajulee. Researchers Anbika Giri and Kunsang provided additional input in drafting this report. Special thanks to Kishor Pradhan for the layout and design.

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List of Acronyms

ACAP	Annapurna Conservation Area Project
AHW	Auxiliary Health Workers
ANM	Auxiliary Nurse Midwife
B.S.	Bikram Sambat
CAO	Chief Administrative Officer
CDO	Chief District Officer
CGI	Corrugated Galvanized Iron
CPN (Maoist Centre)	Communist Party of Nepal (Maoist Centre)
CPN (UML)	Communist Party of Nepal (United Marxist-Leninist)
DMF	Disaster Management Fund
DPR	Detailed Project Report
DRCN	Democracy Resource Center Nepal
DRRM	Disaster Risk Reduction and Management
FY	Fiscal Year
GoN	Government of Nepal
HA	Health Assistant
ICIMOD	International Centre for Integrated Mountain Development
ID	Identification
LDMC	Local Disaster Management Committee
LEOC	Local Emergency Operation Center

LISA	Local Government Institutional Capacity Self-Assessment
MoFAGA	Ministry of Federal Affairs and General Administration
MoHP	Ministry of Health and Population
Mun	Municipality
NC	Nepali Congress
NGO	Non-Governmental Organization
NPR	Nepali Rupees
O&M	Organization and Management
OAG	Office of the Auditor General
OPD	Outpatient Department
RM	Rural Municipality
SP	Superintendent of Police
UNICEF	United Nations Children's Fund
WHO	World Health Organization

Executive Summary

The federal system was introduced in Nepal after the promulgation of the Constitution in 2015. Local governments have been formulating laws and policies, creating annual plans and programs, and allocating and implementing budgets based on functions assigned per Schedule 8 of the Constitution and the Unbundling Report. Democracy Resource Center Nepal (DRCN) conducted this study with an objective of assessing local government's sectoral prioritization, performance, and effectiveness. Health, agriculture and livestock, and disaster risk reduction and management (DRRM), are important indicators to understanding the effectiveness of local governments. This study, which used a qualitative method, attempted to provide a detailed overview on these sectors as key local government functions. Interviews for the study were conducted with elected representatives, government officials, civil society representatives, political party representatives and citizens in 24 local levels across all seven provinces.

Local level legislation is crucial for effective governance, citizen welfare, and accountability. Despite using constitutional rights to formulate their laws and policies, progress was lacking in the sectoral functions of local governments. Some local governments were operating without adequate laws and policies in health, agriculture and livestock, and DRRM, relying instead on executive decisions and secondary legislation. Key respondents of this study cited lack of adequate human resources for this lag and suggested appointing legal officers to bridge the gap. Those local levels which had appointed legal officers on contractual basis appeared to have drafted more laws. Due to inadequate legislation, programs and activities in health, agriculture and livestock, and DRRM seemed to have been affected.

Employee management and regulation was a challenge across all local governments. Local representatives complained that the existing number of positions approved by the federal government was inadequate while many such positions were still vacant. However, the local level's power to

hire fixed-term employees in sectors such as health, agriculture, livestock, forestry, and engineering made employee management slightly easier. Despite hiring such fixed-term employees, local governments struggled to retain sufficient and qualified employees due to inadequate training, limited opportunities for capacity development, lack of incentives, and weak infrastructure.

Despite such major limitations, local governments had implemented programs and allocated budgets for health, agriculture and livestock, and DRRM. In the health sector, major programs included community health camps, family planning initiatives, regular health check-ups, birthing and delivery services, nutritional packages for pregnant women, and capacity development for health workers and volunteers.

Local governments also played important roles in operating primary health centers, health posts, birthing centers, ambulance facilities, and municipal hospitals. In agriculture and livestock, local governments had implemented programs to increase productivity and improve living standards, including crop protection and promotion, seed distribution, animal disease treatment, vaccination programs, farmer grants, and crop and livestock insurance initiatives. In DRRM, local governments had established emergency relief funds and were involved in rescue operations and relief distribution but most local governments had failed to prioritize disaster preparedness, risk assessment, and disaster mapping.

Despite prioritizing health, agriculture and livestock, and DRRM in their annual plans and policies, this did not seem to reflect on their actual budgets and programs. There was a common grievance across local levels about inadequate budgets and programs in these sectors. Most programs in health and agriculture and livestock were dominated by conditional grants from the federal and provincial levels, with very few local level programs. Lack of budget and resources was cited as a major problem leading to less allocation of budgets and limited infrastructure development in these sectors. This also impacted the broader local level functions and sectoral

service delivery. If local levels had adequate budgets they could allocate resources for qualified human resources. A transition period had passed but the employees of different sectoral offices and elected representatives were still unable to take complete ownership of their own jurisdictions. There were, however, some notable examples of positive interventions made by local governments who allocated budgets and implemented programs in these sectors

The federal government's decision to establish primary hospitals at the local level had also been deemed ineffective and reported to have been decided without proper planning. Many such hospitals were yet to be established, and local governments were struggling to manage operational costs and human resources. In terms of DRRM, all three levels had placed it in lower priority, with limited budget allocations cited as the main challenge.

On a broader level, local governments had started implementing programs under areas of their exclusive constitutional rights following the implementation of federalism in Nepal. But major challenges were evident, owing to the lack of formulation of laws at the provincial and federal levels, inadequate budget, and shortage of skilled human resources. The delays by provincial and federal governments in formulating necessary framework legislation had hindered local government's ability to effectively implement programs under their exclusive powers. It seems crucial for the provincial and federal governments to devolve necessary resources and technical capacities to the local governments. Rural-to-urban migration, driven partly by the lack of health, agriculture and livestock, and DRRM services, had also negatively affected rural economies. Addressing these issues would be essential to engaging younger generations and making long-term gains at the local level in these sectors.

Introduction

The 2015 Constitution divided functional responsibilities between federal, provincial, and local governments. Schedules 5-9 of the Constitution list the exclusive and concurrent rights of three levels. Further clarifications regarding these rights and work divisions are outlined in the unbundling report.¹ Local governments thus far were formulating policies and laws, creating annual plans and programs, and allocating and implementing budgets based on these provisions.

At the time of this study, local governments had completed their first full five-year terms and were already into the third year of their second term. Among the 22 exclusive functions, the issues of education, health, agriculture and livestock, and DRRM concern the daily lives of the citizens. These sectors are, therefore, good indicators of the overall functioning of local governments. Progress in these sectors also reflect overall community development and have a direct impact on people's living standards, economic productivity, and disaster preparedness. The vantage point for analyzing local government performance in these sectors can be done based on their self-identification of needs and priorities, resource allocation, and service delivery quality.² DRCN conducted this study to assess the strengths and weaknesses of local government performance and provide policy suggestions for promoting good governance and result-oriented development at the local level.

¹ The Council of Ministers had given initial approval to the unbundling report created to expand on the rights listed in the constitution's schedules on January 31, 2017. The report was amended and presented on April 15, 2024. Government of Nepal. 2024. Unbundling Report Presented. Available at <https://www.opmcm.gov.np/कार्यविस्तृतीकरण-परिमा-3/> accessed on, June 15, 2024.

² Education is an issue that is directly connected to the lives of the citizens. However, DRCN has already conducted research on this issue as have other organizations and thus it has not been included in this report. For more details, please see: 1. Democracy Resource Center Nepal (DRCN). 2020. *School Education and Local Government*. Lalitpur: DRCN; 2. Upreti, Devendra, Lokranjan Parajuli, and Pratyoush Onta. 2079 B.S. *Nepal ma Bidhyalaya Sikshya: Samudayikaran, Sanghiyata, ra Bipad*. Kathmandu: Martin Chautari.

The first section of this report outlines the methodology used for the study. The second section discusses the exclusive rights of local levels while the third and fourth sections cover the local level legislation and human resource management, respectively. The fifth section includes program formulation, budget allocation, and implementation in health, agriculture and livestock, and DRRM with the conclusion presented in the final section.

1. Research Methodology

This study was conducted using a qualitative method. A total of 250 respondents, including mayors, deputy mayors, chairpersons, vice-chairpersons, ward chairpersons, ward members, chief administrative officers (CAO), government officials from health, agriculture and livestock sections, health workers from local health posts, centers and basic hospitals, agriculture and veterinary technicians, focal persons of DRRM, civil society representatives, journalists, and citizens were interviewed. The DRCN research team conducted field visits at 24 local levels across all seven provinces, including 13 rural municipalities (RM), 10 municipalities (Mun), and one sub-metropolitan city (see Table 1). The selection was made to ensure inclusion of districts from each province and regions representing mountains, hills, and plains. Further selection was based on the Local Government Institutional Self-Assessment (LISA) scores from FY 2022/023, choosing one local level each from high, medium, and low scores within the district.³

The study deployed two sets of questionnaires for the interviews. The first was a checklist about whether local governments had implemented programs within their 22 exclusive rights. This questionnaire was presented to mayors, deputy mayors, chairpersons, vice-chairpersons, CAOs,

³ For more information, refer to Local Level Institutional Self-Assessment Report FY 2022/023. Available at <https://lisa.mofaga.gov.np/report>, accessed on December 28, 2023.

Table 1: List of Local Levels Sampled for the Study

S.N.	Province (District)	Local Level (LISA Score)
1.	Sudurpashchim (Kanchanpur)	Laljhadi RM (61.25), Dodhara Chandani Mun (73), Bheemdatta Mun (88)
	Sudurpashchim (Baitadi)	Surnaya RM (45), Dasharathchand Mun (74), Purchaudi Mun (85.5)
2.	Karnali (Rukum West)	Banphikot RM (68.5), Musikot Mun (73.75), Chaurjahari Mun (93.25)
3.	Lumbini (Gulmi)	Chhatrakot RM (82.25), Resunga Mun (90.25), Dhurkot RM (93.75)
4.	Gandaki (Mustang)	Thasang RM (66.75), Gharapjhong RM (73), Varagung Muktikshetra RM (73.5)
5.	Bagmati (Makwanpur)	Bagmati RM (57.75), Indrasarowar RM (61.75), Hetauda Sub-metropolitan (88.5)
6.	Madhesh (Saptari)	Mahadeva RM (36.5), Tilathi Koiladi RM (65.25), Surunga Mun (79.25)
7.	Koshi (Jhapa)	Buddhashanti RM (45.25), Haldibari RM (62.5), Mechinagar Mun (78.75)

spokespeople, and administrative officials to gather information about legal structure and program implementation.

The second questionnaire was used to collect information about programs implemented by local governments in health, agriculture and livestock, and DRRM. It covered aspects such as the legal framework, planning process, budget allocation and implementation, physical infrastructure, and human resource management. The information gathered through interviews and secondary sources was analyzed to prepare this report. DRCN presented the preliminary findings in stakeholder sessions in June 2024 at Koshi Province’s Mechinagar Mun, Madhesh Province’s Rajbiraj Mun, Lumbini Province’s Dhurkot RM, Karnali Province’s Musikot Mun, and Sudurpashchim Province’s Dasharathchand Mun. The report was revised based on the feedback received at these sessions. To ensure privacy, names of the respondents who did not want to be named have been redacted from this report.

2. Local Government's Exclusive Rights

The Constitution assigns 22 exclusive rights to local governments. Part 3 of the *Local Government Operation Act, 2074* further unbundles this into 199 functions. The local levels included in the study had only partially executed their functions under these exclusive rights. Jurisdictional inconsistencies continued to exist in terms of exclusive and concurrent functions of the three levels of government. The administrative legacy of the centralized system continued to affect overall functions at the local level. Some taxes, tourism levies, and service fees are included under both exclusive jurisdiction of local government as well as concurrent jurisdiction of all three levels of government.⁴ Despite the constitutional provision, local governments in Mustang district were unable to collect tourism levies as the Annapurna Conservation Area Project (ACAP) was collecting the fees on behalf of the federal government. Local officials asserted that tourism levies were not simply an issue of exclusive right, but it also involved traditional ways of conserving natural resources. Officials argued in favor of local governments collecting fees and levies from tourism.⁵ Diki Gurung, Vice-Chairperson of Varagung MuktiKshetra RM, stated that despite local levels having exclusive rights to protect watersheds, wildlife, mines, and minerals, the lack of jurisdictional clarity led the federal government to continue executing those functions.⁶ Elected representatives from multiple local levels, including Laljhadi, Dodhara Chandani, Dasharathchand, Tilathi Koiladi, and Mahadeva, cited a lack of internal revenue as the reason for the absence of town police. Elected representatives from Thasang RM said town police were not needed in their area.⁷

⁴ Sapkota, Krishna Prasad, Rudra Sapkota and Nawaraj Sapkota. 2076 B.S. *Tahagat Sarkar Bich Adhikar ra Karya Jimmewariko Bandfant*. Kathmandu: The Australian Aid and The Asia Foundation.

⁵ Interview with Mohan Singh Lalchan, Chairperson of Gharapjhong RM on April 4, 2024.

⁶ Interview with Gurung on April 6, 2024.

⁷ Interview conducted with Somal Hirachan, Vice-Chairperson of Thasang RM on April 9, 2024.

Local governments are required to formulate relevant laws, guidelines and policies to execute the 22 exclusive rights listed under Schedule 8 of the Constitution. However, many key functions that fall under local government's exclusive rights – like management of senior citizens and persons with disabilities – were still being implemented under the federal laws.

Programs executed by local governments without adequate legislation had raised concerns on transparency and good governance. One such example was notable in Surunga Mun where the FY 2022/023 annual report from the Office of the Auditor General (OAG) flagged various projects for not following due processes. The OAG report pointed out that agricultural grants meant for farmers, agriculture groups, and agricultural cooperatives were allocated based on recommendations from the ward offices instead of following directives prepared by the municipality, preventing the grant from reaching the target group.⁸ In some local levels, despite the formulation of laws and policies, the implementation appeared to be weak. For example, clause 5 of the *Local Health Management Act, 2075* of Dhurkot RM states that for monitoring a health center, a five-member local health service management and monitoring committee should be established but such a committee had not been established. Although Chhatrakot RM had formulated the Chhatrakot Rural Municipality FM (Management and Operation) Procedures, 2074, the RM had not taken any steps to give permission, provide renewals, or oversee the two radio stations operating in the area.⁹ Laljhadi RM had also prepared a procedures related to the management and operation of FM radios but no actual work had been done on it.¹⁰

As local levels were still finding their footing, key respondents stressed the need for greater intergovernmental support. Surnaya RM

⁸ Office of the Auditor General. 2079 B.S. *Mahalekha Parikshak ko Barshik Pratibedan 2079, Surunga Mun, Saptari*. Kathmandu: Office of the Auditor General.

⁹ Interview with CAO Bir Bahadur Pun on May 16, 2024.

¹⁰ Interview with Rana on February 29, 2024.

Chairperson Ammar Bahadur Kunwar said that the federal government needed to do more to support local governments in the transitional period.¹¹ Hetauda Sub-metropolitan Mayor Mina Kumari Lama argued that local governments would not be able to execute their exclusive functions effectively without adequate federal and provincial support in capacity, resources and technology.¹² Important local functions such as collecting registration fees and issuing house and land ownership certificates, had still not been devolved to the local level with their roles limited to collecting land revenues. There was a unanimous demand from local government officials across the board for the federal and provincial governments to ensure full devolution of such constitutional functions and authorities to the local level. There was also significant demand for the capability enhancement of local levels in terms of land management and infrastructure development. Clause 56 of the federal government's annual plans and programs 2024 stated that the basic services pertaining to land management and survey should be provided uniformly by the local levels through online services.¹³ There was a widespread expectation that such functions would be institutionalized at the local level in the future.

Local governments sampled for this study were also unable to execute other important functions including collection and management of local statistics and records, and protection of watersheds, wildlife, mines, and minerals, which the respondents attributed to a lack of adequate capacity and human resources. There was also a common misunderstanding among some local officials who considered local level profiles, prepared with support from external organizations, as part of the record collection and management. Despite Hetauda Sub-metropolitan City's insistence that they had initiated programs in data collection and record management, the

¹¹ Interview with Kunwar on March 4, 2024.

¹² Interview with Mayor Lama on May 9, 2024.

¹³ Government of Nepal (GoN). 2081 B.S. *Sammananiya Rastrapati Shree Ram Chandra Poudel le Sanghiya Sansad ko Sanyukta Baithak lai Garnu Bhayeko Sambodhan*. Kathmandu: GoN.

OAG report appeared to contradict those claims.¹⁴ Other local levels also did not have any notable programs in data collection and maintenance as stated for in the *Local Government Operation Act, 2074*. The OAG report on Chhatrakot RM FY 2022/023 stated:

The RM has not done work on formulating laws, policies, and associated directives and source mapping regarding local record management. Data plays an important role in prioritizing work conducted by the local governments, so the collection and record-keeping of such data is important. Programs, budgeting processes, and implementation processes undertaken without the support of data will not be effective, so special attention should be paid to record-keeping management.¹⁵

In addition to being constrained by limited resources and capabilities, the federal and provincial governments were also responsible for hindering local government functionalities. The failure of federal and provincial governments to formulate required laws prevented a timely and effective devolution of these functions and presented significant challenges for the local level. Without adequate and timely formulation of all the required legislation at the federal and provincial levels, local governments would not be able to effectively execute their exclusive functions.

3. Local Legislation

Nepal's federal system necessitates formulation of laws and policies at the local level to ensure effective governance, collective welfare, and accountability. Local governments are expected to address varying local priorities and needs through legislation and policy formulations in various areas of functions assigned to them by the Constitution.

¹⁴ Office of the Auditor General. 2079 B.S. *Mahalekha Parikshak ko Barshik Pratibedan 2079, Hetauda Sub-metropolitan, Makwanpur*. Kathmandu: Office of the Auditor General.

¹⁵ Office of the Auditor General. 2079 B.S. *Mahalekha Parikshak ko Barshik Pratibedan 2079, Chhatrakot RM, Gulmi*. Kathmandu: Office of the Auditor General.

While local levels had formulated laws to execute their service delivery functions, the overall progress was slow and fraught with challenges. A strong legal framework was essential for undertaking any government function under which primary legislation (framework laws and acts) and secondary legislation (rules, procedures, directives, and standards) would be created. Half of the local units sampled in this study were functioning without their own legal framework, relying instead on federal and provincial directives, and where possible, on their own executive decisions. Local level respondents primarily cited lack of legal expertise for the lag in legislation and suggested appointing dedicated legal officers to overcome the challenge. Some local governments had already hired fixed-term legal advisors and prepared drafts of various laws with their assistance. Drafts of many local laws were copied directly from sample laws from the federal government, or from other local levels, often replicating specific provisions verbatim. Moving forward, local governments needed to be able to adapt these drafts to address their unique contexts and needs. Musikot Mun’s Legal Officer said, “There is a tendency to create laws [at the local level] in a rushed manner, and such laws have not always been effective.”¹⁶ Local government’s lack of legislative capacities, leading to direct replication of sample laws, were also commonly raised in other local levels.

Local representatives expressed that they lacked specific expertise and training on effective formulation of laws to address local needs. Officials pointed out that since most health and agriculture and livestock programs were implemented through conditional grants from federal and provincial levels, they did not feel urgency in formulating their own laws in such sectors. According to officials at the health section of Surnaya RM and Dasharathchand Mun, they did not feel the need to make additional laws on health since most programs on prevention and treatment followed federal procedures.¹⁷ Local respondents reported instances where implementing

¹⁶ Interview with the Legal Officer of Musikot Mun on April 9, 2024.

¹⁷ Interview with health section officials from Surnaya RM and Dasharathchand Mun on March 1-4, March 2024.

programs based on federal and provincial laws created additional challenges for local governments. An official from Buddhashanti RM said, “People come to [the local government] register polyclinics, but we don’t have specific local law; but if we try to register based on the federal or provincial laws, the polyclinics do not meet the standards. We cannot register them, and service seekers get frustrated.”¹⁸ Officials from Gharapjhong RM and Mechinagar Mun also shared experiences of similar issues.

Among the 24 local levels included in the study, less than 50 percent (11) had passed acts on health. One of those 11 had only passed an act, while the other 10 had also enacted secondary legislation including regulations, directives, policies, procedures, and standards to facilitate local government programs in the health sector. Four of the sampled local levels—Surnaya RM, Purchaudi Mun, Varagung Muktikshetra RM, and Gharapjhong RM—had only drafted secondary legislation like procedures, regulations, and directives on basic health. The rest – Dasharathchand Mun, Banphikot RM, Resunga Mun, Thasang RM, Mahadeva RM, Tilathi Koiladi RM had not enacted any health-related legislation. Only Chaurjahari Mun and Musikot Mun had formulated local level health-related policies. In terms of the total number of legislations—including acts, regulations, directives, standards, and procedures—Hetauda Sub-metropolitan City and Chaurjahari Mun each had 10, Haldibari RM had 7, Musikot Mun, Mechinagar Mun, and Buddhashanti RM each had 4, and Gharapjhong RM had 3 (For more details, see Annex 1).

Similarly, out of 24 local levels 70 percent (17) formulated acts related to agriculture and livestock. 62 percent (15) of the local levels had created both acts and procedures and 75 percent (18) had created procedures, standards and directives related to agriculture and livestock. 4 local levels (Purchaudi, Surunga, Mahadeva and Tilathi Koiladi) had not formulated any laws related to this sector. Quantitatively, local levels that had created

¹⁸ Interview with an official from the Health Section in Buddhashanti RM on March 5, 2024.

higher number of procedures and directives regarding agriculture and livestock included Musikot Mun (12), Chaurjahari Mun (10), Haldibari RM (8), Hetauda Sub-metropolitan city and Chhatrakot RM (5) each (For more details, see Annex 1).

Acts on DRRM had been formulated by 58 percent (14) of the local levels included in this study. 70 percent (17) of the local levels had only enacted secondary legislation like directives, procedures, and plans with six (25 percent) only formulating procedures, directives, and standards without passing the acts. There was no disaster-related legislation at the four local levels—Surnaya RM, Purchaudi Mun, Surunga Mun, and Mahadeva RM (For more details, see Annex 1). Despite the lack of progress, local government officials and elected representatives expressed the need for more laws on DRRM. Prabin Dhanuk, Pruchaudi Mun DRRM focal person, stated that it would be easier if there was a clear procedures regarding the distribution of relief amounts after a disaster. He added that the lack of DRRM laws caused confusion when disasters occurred.¹⁹ Even among the local levels that had formulated laws on DRRM, replicating the federal sample law without any significant adjustments was a common trend. For example, the DRRM law approved by Tilathi Koiladi RM in Madhesh Province included heavy snowfall, avalanche, and glacial lake explosion in their definition of natural disaster – disasters that do not occur in the region at all.

Some local governments had formulated laws on DRRM only after experiencing disasters. After a destructive flood on August 13, 2023, Varagung Muktikshetra had begun collecting cash relief. The RM needed a legal basis to use the funds, so it formulated Varagung Muktikshetra Rural Municipality Distribution of Collected Amount (Cash Assistance) Procedures, 2080 – a procedure that included rational for funds collection, beneficiary selection criteria, relief amounts, sources of donations, and financial management. The procedures also outlined ways of monitoring and documenting damage caused by the flood. The aftermath of the flood

¹⁹ Interview with Dhanuk on March 7, 2024.

also led to the formulation of Disaster Management Fund Operating Procedures, 2080.²⁰

In terms of the volume of legislation by sectors, more laws had been formulated in agriculture and livestock, followed by DRRM and the health sector. More than half of the local levels included in this study had been executing programs in health, agriculture and livestock, and DRRM without their own primary legislation. This led to weaker implementation and growing concerns about accountability and transparency in overall local governance. Developing overall legislative capacity remained a critical task for the local governments.

4. Human Resource Management

After the implementation of federalism, the federal government conducted an Organization and Management (O&M) survey and created new organizational structure and permanent positions. The local level respondents alleged that the number of positions created had been insufficient. In addition, many of the positions were still vacant. The provision to hire staff for areas including health, agriculture, livestock, forestry, engineering provided alternative options for the local levels.²¹ They hired employees for technical positions that required immediate fulfillment. Similarly, many respondents reported that after the Province Public Service Commission started hiring, the shortage of employees at the local level had eased slightly.

While the overall service delivery had improved after filling vacant positions through fixed-term employees, lack of capability enhancement

²⁰ Interview with Varagung Muktikshetra's DRRM Focal Person Diwash Sapkota on April 7, 2024.

²¹ During the initial phase of employee integration, there was a shortage of employees. A study conducted by DRCN showed that there was a shortage of 34 percent of employees at the local level till September, 2019. See: DRCN. 2029. *Formation and Functioning of Provincial Institutions in the Federal Structure*. Lalitpur: DRCN. Available at <https://www.democracyresource.org/wp-content/uploads/2019/08/Formation-and-Functioning-of-Provincial-Institutions-in-the-Federal-Structure.pdf>, accessed on June 15, 2024.

and uncertainty about work term caused such employees to consider their work as mere stepping stones. This had led to a high turnover rate among such employees. The limitation in local level's internal revenue source and the effect of political machinations as the government's change had also placed fixed-term employees in a precarious position. For the local levels, a large portion of the unconditional budget had to be allocated to paying salaries of the fixed-term employees. Of the NPR 29.7 million budget allocated to the health section of Purchaudi Mun in FY 2023/024, 35 percent (NPR 9.54 million with last FY's outstanding amount NPR 0.79 million) was allocated for employee salaries. Surnaya RM and Dasharathchand Mun had also similar budget allocations. In Musikot Mun, 70 percent (NPR 7.5 million) of the NPR 10.9 million budget was allocated under the heading of 'salary for fixed-term employees in health'. In the long term, it would appear to be challenging for local governments to continue budget allocation for this if federal support was not available. The *Federal Civil Service Act* and the *Federal Health Service Act* are important legal structures that are necessary for human resource management. However, since both these laws were yet to be passed, it appeared to make human resource management more challenging for local governments.

In the health sector, local levels had hired Auxiliary Health Workers (AHW), Auxiliary Nurse Midwife (ANM), Staff Nurse, Health Assistant (HA) through temporary hiring practices. Similarly, in the agriculture and livestock sector the technician positions were fulfilled through temporary hiring practices but many key positions were still vacant. In Purchaudi Mun, the position of public health inspector was vacant despite multiple fixed-term recruitments. The health section head position in Buddhashanti RM had remained vacant for two years. Arun Kumar Mandal, Chairperson of Tilathi Koiladi RM said that out of 34 positions, only two were permanent in the entire RM.²² Many local officials expressed that the permanent staff position for health, agriculture and livestock sections was inadequate

²² Views shared by Mandal at the Stakeholder Session organised by DRCN on June 21, 2024 at Rajbiraj Mun.

given the higher workloads at these sections. Since the personnels in the sections were responsible for daily administrative tasks like procurement, planning, data collection, and reporting, they were unable to regularly monitor ward-level health institutions.²³ An AHW working at Resunga Mun's health center remarked, "Regardless of the number of children who require immunization, two health workers are mandatory. However, I have to shoulder this responsibility by myself. Usually 24 children come to this health center for vaccination. Some days there are children who require multiple doses of vaccines and medicine. I have to keep track of all these details and fill out the vaccination card and vaccination and nutrition register. In addition, I also have to attend other regular patients."²⁴

In most local levels, agriculture and veterinary technicians were providing services at multiple wards. In local levels where there was shortage of employees, these technicians were also deputized as ward secretaries. For instance, in Thasang RM, due to lack of human resource ward secretary positions were covered by Assistant Sub-engineer at Ward-5, Veterinary Technician at Ward-1, and Health Technician at Ward-2.²⁵ Similarly, the CAO of Surnaya RM, Lok Raj Joshi explained that four out of eight wards in the RM did not have dedicated ward secretaries, with technical employees deputized to cover these positions.²⁶

In Haldibari RM, veterinary technicians had been hired under fixed-term contracts for all five wards. Dhurkot, Chhatrakot, and Indrasarowar RM had also hired fixed-term technicians in health, agriculture, and livestock sections. Dev Krishna Pudasaini, Chairperson of Indrasarowar RM said that hiring fixed-term employees was necessary due to the larger geographical

²³ Interview with the Chief of Health Section in Chhatrakot RM, Sapana Tandan on May 16, 2024 and Chief of Health Section in Dhurkot RM, Prem Lal Khanal on May 12, 2024.

²⁴ Interview with the AHW on May 15, 2024.

²⁵ Interview with government officials from Thasang RM's Agriculture and Livestock Section.

²⁶ Interview with Joshi on March 4, 2024.

area that the RM covers.²⁷ Mechinagar Mun and Buddhashanti RM had not hired additional technicians for ward level. They cited lack of internal revenue for not being able to pay such fixed-term employees. An official from the agriculture section of Tilathi Koiladi RM admitted that few technicians covering multiple wards had led to technicians not being able to provide direct field service to farmers.²⁸

Political interest and machinations also impacted hiring of fixed-term employees. In Mahadeva RM, agriculture and veterinary technicians hired on a fixed-term basis had not been paid regularly and did not have their documents renewed due to the political interests of the elected representatives. Government officials shared that such employees, hired under the ‘One Village One Technician’ program, should have received half their salaries from the federal level and the other half from the local level. Despite such provisions, the rural municipality had hesitated to pay salaries on time and renew the technicians’ documents.²⁹ The problem of employee management had persisted at the rural municipality for the past year.³⁰ Sunil Kumar Mandal, the Chairperson of Mahadeva RM, stated that the employee contracts had to be terminated due to the rural municipality’s inability to pay them. He claimed that the previous Chairperson (2017-2022) had hired 70 employees, and that the rural municipality was not in a position to bear financial responsibility for such a large workforce, leading to these terminations. He said, “The municipal executive had already decided to pay salaries up to January 2024 for the employees whose contracts were being terminated. But since employees from the ‘One Village, One Technician’ program get paid jointly by the federal and local governments

²⁷ Interview with Pudasaini on April 10, 2024.

²⁸ Interview with the official on May 2, 2024.

²⁹ Interview with officials from the Agriculture and Livestock Section on May 15, 2024.

³⁰ News Today. 2079 B.S. Mahadeva Gaunpalikama Karar Karmachari Hataune Nirnaya, Hajir Nagarauda Darjanau Alapatra. Available at <https://newstoday.com.np/2022/07/18/38739>; accessed on June 15, 2024.

at 6-month intervals, they will not be immediately fired.”³¹ However, Archana Kumari, the Vice-Chairperson of the rural municipality, shared that she was unaware of this issue. She said, “These decisions are made between the Chairperson and the CAO. No such consultations take place with me.”³² This signalled a clear lack of coordination and transparency among the elected representatives in the employee recruitment process.

An agriculture technician from the rural municipality claimed that these actions had been undertaken due to the political bias of the elected representatives and that new employees aligning with their political ideology would be hired.³³ The technician said these practices would worsen the challenges in employee management and affect the local government’s service delivery functions. Politically influenced employee recruitment was also reported in Thasang RM (see Case Study 1).

On the other hand, elected representatives also claimed that government officials were often politically influenced. Kaushila Chand, Deputy Mayor of Dasharathchand Mun, shared that the practice of elected representatives treating government officials based on their party affiliation, and vice versa, was wrong and had a negative impact on the local level’s performance and institutional capacity.³⁴ The practice of elected representatives hiring employees based on political preference and government officials trying to influence the local level based on their party affiliations caused significant challenges to local government functions. When trained and experienced employees were fired, it directly affected the performance of the respective sections. Unless alternative measures were in place, the frequent turnover of fixed-term employees did not reflect efficiency. It was important to stop the negative trend of rewarding an employee’s party affiliation over their capabilities, qualifications, and experience. Similarly, government officials also needed to govern beyond their narrow party-affiliated biases.

³¹ Interview with Mandal on June 26, 2024.

³² Interview with Kumari on June 26, 2024.

³³ Interview with the employee from the Agriculture Section on May 15, 2024.

³⁴ Interview with Chand on March 1, 2024.

Case Study 1: Politically-Influenced Employee Recruitment

In Mustang's Thasang RM, 32 out of 62 permanent positions were vacant when DRCN's team was there in April 2024. In the health sector, 13 out of 29 staff positions were vacant. Although there were attempts to fill these vacancies by creating procedures through the municipal executive, political disputes between elected representatives made this impossible.

During the first term (2017-2022), the Nepali Congress (NC) had a majority in the rural municipality, with both the Chairperson and Vice-Chairperson belonging to NC. During their tenure, employees were hired for vacant technician positions on fixed-term contracts. However, after the 2022 local elections, the Chairperson was elected from CPN (UML) and the Vice-Chairperson from NC, which also held a majority position in the rural municipality executive. The CPN (UML) Chairperson did not agree to renewing the employees hired during the previous government. A political party representative claimed that a dispute arose between elected representatives regarding the extension and termination of employee contracts, leading the CAO to request his own transfer instead of resolving the dispute.³⁵

Amidst the ongoing conflict, a new process to hire employees on fixed-term contracts began. Somal Hirachan, the Vice-Chairperson of the rural municipality, said the hiring process became complicated because the focus shifted to hiring new people instead of renewing contracts for already hired and experienced employees.³⁶ However, Ward-2 Chair Gautam Sherchan, elected from CPN (UML), claimed that elected representatives from NC had hired employees unilaterally during the first tenure, so the employees were not offered contract extensions.³⁷

This dispute over employee recruitment resulted in a persistent lack of human resource in the health sector, negatively affecting important daily operations and service delivery of health centers including procurement of medicines. An official from a health center had to be transferred to fill a vacancy in the health section at the rural municipality. Due to the lack of ANM and nursing staff, birthing centers also could not function.

³⁵ Interview with the representative on April 9, 2024.

³⁶ Interview with Hirachan on April 9, 2024.

³⁷ Interview with Sherchan on April 9, 2024.

Disputes between government officials and elected representatives were found in other local levels including Mechinagar Mun. Mayor Gopal Chandra Budhathoki claimed that most employees were uncooperative, and added, “Government employees are not accountable to the local level. They are negative about the policies, plans, and programs created by the local government. We, elected representatives, cannot make them accountable, which causes difficulty while working.”³⁸ This was indicative of frequent disagreements and a lack of cooperation between government employees and elected representatives at the local level.

There was a lack of orientation and training for employees working in the health, agriculture, and livestock sectors. Employees claimed that the lack of regular training and orientation programs affected their skills and capabilities. Aita Bahadur Thakali, the head of the livestock section at Gharapjhong RM, said, “There is federal and provincial budget under the artificial insemination heading. A veterinary technician needs 35 days of training to be qualified to administer this program. However, since no technician with the required qualifications was available, the program has not been implemented.”³⁹

Among the 24 local levels visited for this study, DRRM had not been classified as a separate section like health, agriculture and livestock and education. Few local levels had classified it as a sub-section under the Economic Affairs section or Environment section. In Buddhashanti RM, DRRM and waste management were under the planning section. In eight local levels, DRRM was not under any sections. Instead a focal person had been appointed for this task. For example, in Indrasarowar RM, the Information and Technology Officer was also the designated DRRM focal person. The Finance section head had been appointed the DRRM focal person in Surunga Mun. Surendra Singh Dhimi, the DRRM focal person at Surnaya RM said, “I received this responsibility because of my knowledge

³⁸ Interview with Budhathoki on March 5, 2024.

³⁹ Interview with Thakali on April 3, 2024.

of information technology and my past experience with fieldwork. Although I have been assigned this responsibility, I have not received any training or orientation to enhance my knowledge on DRRM.”⁴⁰

Since the employee adjustment in the health sector had yet to be completed, the current employee management was temporary.⁴¹ The employee adjustment process for the health sector had become complicated when the Ministry of Federal Affairs and General Administration (MoFAGA) initiated the process. At the time of this study, the Ministry of Health and Population (MoHP) was overseeing the process.⁴² Since the employment adjustment process was incomplete, the MoHP had to repeatedly issue circulars regarding disputes between government healthcare workers at the provincial and local levels.⁴³ Due to this, healthcare workers at local levels have had to work amidst uncertainty. Since the *Federal Health Service Act* had not been formulated, ongoing programs were based on amendments made to the *Nepal Health Service Act, 1997*. The Health Institutions Transfer Directives 2074, provides for 10 staff positions in primary health care centers, six positions in health centers in himalayan and hilly regions, and seven positions in Kathmandu valley (Kathmandu, Lalitpur, Bhaktapur) and the terai region. Similarly, the Directive provides for four higher level officer positions for metropolitan and sub-metropolitan cities, three for municipalities and two for rural municipalities.⁴⁴

⁴⁰ Interview with Dhami on May 4, 2024.

⁴¹ Nepal Press. 2080 B.S. Samayojanka Panch Barsha Samma Swasthya ma Bhadracol-Gunaso Sunna ra Puna Samayojan ma Jana Trade Union Haru ko Maag. Available at <https://www.nepalpress.com/2023/08/11/360621/>, accessed on May 19, 2024.

⁴² Onlinekhabar. 2021. Swasthya Tarfa ko Karmachari Samayojan: Prathamikata ma Pradesh bata Sthaniya Taha ma Jane Haru. Available at <https://www.onlinekhabar.com/2021/02/931863>, accessed on May 19, 2024.

⁴³ Ministry of Health and Population. 2075 B.S. Karmachari Khatanpatan Sambandha ma. Available at <https://old.mohp.gov.np/downloads/Province%201.pdf>, accessed on June 22, 2024. Ministry of Health and Population. 2022. Samayojan Milan ko Lagi Sifaris Bhayeka Karmachari Haru ko Bibaran. Available at <https://old.mohp.gov.np/en/>, accessed on June 22, 2024.

⁴⁴ Ministry of Health and Population. 2074 B.S. *Swasthya Sanstha Hastantaran Nirdeshika 2074*. Kathmandu: Ministry of Health and Population. Available at <https://>

Some government employees shared that while section head appointments should be based on seniority, work experience, and capabilities, political and personal biases played a decisive role. Dr. Sushil Nath Pyakurel, former Secretary at the MoHP, said that political influence in the appointment of health section heads had caused major problems at the local level.⁴⁵ The issue of senior health officials having to work under a section head with lower qualifications, and the question of how such a work environment could be conducive had been commonly raised.⁴⁶ Similar complaints were raised by senior healthcare workers, the director of public health, and physicians at local hospitals. Until the new employee adjustment structure was in place, the current organizational structure and positions created by the federal government needed to be followed. Under this local level healthcare services were being overseen by the local government's health section and healthcare services were being provided by primary health care units, community healthcare centers, primary healthcare centers/health posts and primary hospitals.

5. Budgets and Programs on Health, Agriculture and Livestock, and DRRM

Local governments can utilize various budgetary sources, such as revenue sharing, fiscal equalization, conditional, special, and matching grants from federal and provincial governments, as well as domestic debts, for budgets and programs in health, agriculture, livestock, and DRRM. However, domestic debts had not yet been practiced at the local levels. Special and matching grants, like conditional grants, must be spent under specified headings. Therefore, internal revenue generated from tax and non-tax

mohp.gov.np/uploads/Federal-Section/1658916608654hastantaran%20_nirdesika.pdf, accessed on June 28, 2024.

⁴⁵ Chaulagai, Pushparaj. 2079 B.S. Bishwasniya Bhayena Sthaniya Taha ko Swasthya Sewa. *Onlinekhabar*. Available at <https://www.onlinekhabar.com/2022/04/1110502>, accessed on June 19, 2024.

⁴⁶ Interviews with health section officials from Resunga Mun and Dhurkot RM on May 13 and May 14, 2024 respectively.

sources, as well as fiscal equalization grants, were the flexible resources that local levels could allocate according to their needs. By analyzing the trends in allocating funds received from these unconditional sources, the study assessed the priority given by local governments to health, agriculture, livestock, and DRRM.

This section thus compares and analyzes the allocation of budgets and programs in health, agriculture and livestock, and DRRM against the conditional (conditional, matching and special) grants received from the federal and the provincial level and the unconditional grants (financial equalization, revenue sharing and internal income) that the local government can allocate independently. Local governments cannot alter the programs under conditional grants. Similarly, even if the local levels formulated plans for matching and special grants, they could not take decisions on their own as specific conditions were attached to such programs. For example, matching grants given to local levels by the federal and provincial governments were particularly targeted towards infrastructure development, while special grants were provided for the development of basic services such as education, health, and drinking water. Some conditions attached to these programs included the balanced development of the local level and the upliftment of marginalized classes and communities subject to social, economic, and other forms of discrimination. Therefore, these three types of grants were categorized under the conditional budget.

5.1. Budgets and Programs in Health Sector

Conditional grants from the federal and provincial governments in the health sector particularly focused on administrative expenses and national priority programs. During the initial years of the implementation of federalism, conditional budgets helped continue and maintain basic health services standards at local levels. Due to geographical and demographic diversity, health service requirements varied across local levels. Apart from the nine basic health services outlined by the *Public Health Service Act*,

2075, local levels were free to provide additional health services according to their needs and resources.

Table 2 shows budget allocation trends in the health sector in FY 2023/024 for the 15 local levels included in the study.⁴⁷ In all 15 local levels, the conditional health budget exceeded 50 percent of the total health sector budget. Additionally, in three local levels (Bheemdatta, Dhurkot, and Gharapjhong), the conditional health budget exceeded 90 percent of the total health sector budget. In FY 2023/024, Bheemdatta Mun had the highest share of the conditional health budget at 95.2 percent, while Thasang RM had the lowest at 50.1 percent.

The percentage of the budget allocated to health from the unconditional budget was very low. In FY 2023/024 Gharapjhong RM allocated the least at 1.5 percent and Chhatrakot RM had allocated the highest at 15.68 percent of the unconditional budget for health. Nine out of 15 local levels (60 percent) allocated less than five percent of their unconditional budgets to health. Local government officials and elected representatives argued that the decreasing rate of annual fiscal transfers from the federal government had resulted in the reduction of the health budget at the local levels. An employee of the health section in Banphikot RM claimed, “The total budget of the rural municipality is decreasing every year. As a result, the budget allocated on health is also decreasing. From FY 2017/018 to 2023/024, health received NPR 7.5 million, 3.5 million, 2.5 million, 1.5 million, 1 million and 0.5 million, respectively. With the decrease in the budget, there is a reduction in health programs, and most of the programs are being operated with conditional grants from the federal and provincial governments.”⁴⁸ Elected representatives in other local levels also expressed similar concerns. Chairperson of Gharapjhong RM, Mohan Singh Lalchan, said, “Federal and provincial governments have been reducing the fiscal

⁴⁷ The budget of nine of the 24 local levels was not available. Complete budget was also not available on their websites.

⁴⁸ Interview with the official on April 5, 2024.

Table 2: Health Sector Budget in FY 2023/024 (in Thousand Rupees)⁴⁹

Local Level	Total Budget	Conditional Budget	Unconditional Budget	Total Health Budget ⁵⁰	Health (Conditional) ⁵¹	Health (Unconditional) ⁵²
Laljhadi RM	440818.53 (100%)	195886 (44%)	244932.53 (56%)	41427 (9.4%)	31062 (75%)	10365 (4.23%)
Bheemdatta Mun	1813581 (100%)	1109823 (61%)	703758 (39%)	248212.51 (13.69%)	23626 (95.2%)	11952.51 (1.70%)
Dodhara Chandani Mun	693556 (100%)	432800 (62%)	260756 (38%)	48982.70 (7.06%)	26476 (54.1%)	22506.70 (8.63)
Purchaudi Mun	664111 (100%)	349851 (53%)	314260 (47%)	85123.10 (12.82%)	64722 (76%)	20401.10 (6.49%)
Varagung Muktikshetra RM	256183.70 (100%)	120700 (47%)	135483.70 (53%)	42760 (16.69%)	32360 (75%)	10400 (7.68%)
Gharaphong RM	299659.70 (100%)	13860 (46%)	161059.70 (54%)	37881 (12.64%)	35473 (93%)	2408 (1.50%)

⁴⁹ The unconditional health budget includes funds allocated to the health sector, as well as budgets related to health and programs in other sectors too. These include areas such as physical infrastructure, office operations and administration, data collection, information and communication, capacity development, and law making. A similar approach has been applied to the conditional budget in the health sector.

⁵⁰ Percentage calculated on total health budget with the total local level budget.

⁵¹ Conditional budget percentage of the health sector is calculated by considering the total health budget of the local level as 100 percent.

⁵² Percentage calculated from total unconditional health budget and total unconditional budget of the local level. The local levels have flexibility to allocate the unconditional budget on their own.

Local Level	Total Budget	Conditional Budget	Unconditional Budget	Total Health Budget	Health (Conditional)	Health (Unconditional)
Thasang RM	366845 (100%)	161802 (44%)	205043 (56%)	23628 (6.44%)	11828 (50.1%)	11800 (5.75%)
Resunga Mun	718878.76 (100%)	463850 (65%)	255028.80 (35%)	38351.76 (5.33%)	29300 (76.4%)	9051.76 (3.55%)
Dhurkot RM	558294.29 (100%)	327150 (59%)	231144.29 (41%)	61055 (10.94%)	55850 (91.5%)	5205 (2.25%)
Chhatrakot RM	554084 (100%)	419874 (76%)	134210 (24%)	80393 (14.51%)	59346 (73.8%)	21047 (15.68%)
Indrasarowar RM	492802 (100%)	188292 (38%)	304510 (62%)	42222 (8.57%)	25870 (61.3%)	16352 (5.37%)
Hetauda Sub Metro City	2162223.73 (100%)	968070 (45%)	1194153.73 (55%)	102029 (4.72%)	59622 (58.4%)	42407 (3.55%)
Haldibari RM	486910.32 (100%)	267045 (55%)	219865.32 (45%)	32117 (6.6%)	23657 (73.7%)	8460 (3.85%)
Mechinagar Mun	1358960.56 (100%)	695368.40 (51%)	663592.16 (49%)	73098 (5.38%)	60840 (83.2%)	12258 (1.85%)
Buddhashanti RM	607747.80 (100%)	261025 (43%)	346722.80 (57%)	37817.66 (6.22%)	27444 (72.6%)	10373.66 (2.99%)

Source: Annual budget books of the respective local levels.

transfer to the local levels every year. Therefore, we are also forced to reduce the budget allocation for health from our own resources.”⁵³

However, the claims made by local level representatives and officials regarding the decreasing trend of budget transfers from the federal and provincial governments to the local levels were not entirely true. The data suggested that from FY 2017/018 to 2023/024 there was a marginal increase in the fiscal transfer from the federal government to the local levels until FY 2020/021. There were only slight fluctuations in the fiscal transfers in FY 2022/023 and 2023/024.⁵⁴ This rather indicated that local governments had not adequately prioritized the health sector. Elected representatives also pointed out that they generally received less than the initially estimated amount from fiscal equalization and revenue sharing by the end of the fiscal year. As a result, there were budget cuts when the programs were being implemented. In such cases, the liability for the particular fiscal year would be transferred to the next fiscal year. Surnaya RM, for instance, transferred liabilities of various programs included in FY 2022/023 worth NPR 1.95 million to FY 2023/024. There were many similar cases in other local levels as well. Budget formulation, prioritization, and implementation at the local levels were thus affected due to fluctuations and uncertainties in fiscal transfers from the federal and provincial governments.

The local level health sector budget and programs appeared to be primarily dependent on the conditional budget. Most of the officials interviewed during this study acknowledged this fact. “We have not allocated specific budgets for the health section. Most of the health sector programs in our local level are from conditional grants. We allocate additional amounts to complement conditional health programs. Currently, we have allocated NPR 1 to 1.5 million for such programs,” said Ram

⁵³ Interview with Lalchan on April 4, 2024.

⁵⁴ Based on the analysis of budget transfers from the last six FY from 2018/019 to 2023/024 – of two municipalities – Bheemdatta and Resunga; two rural municipalities – Gharapjhong and Haldibari, and Hetauda Sub-metropolitan City.

Singh Mahara, Head of the Health Section of Surnaya RM.⁵⁵ Referring to the low budget allocation in health, an employee from the health section of Mechinagar Mun claimed, “Elected representatives prioritize building physical infrastructure which they consider as ‘development’. They do not prioritize programs related to public health issues. In the FY 2023/024 only NPR 0.5 million was allocated for public health programs to be implemented by the health section. We disagreed with such a meagre amount and suggested allocating that budget to infrastructure development instead. Later the budget was increased to NPR 1.5 million.”⁵⁶ According to the official, they have had to struggle a lot to increase the budget for health sector programs.

Lack of official priority towards promotion and prevention-related activities on health was also common across other local levels included in the study. Health officials also alleged that as soon as the local governments received budgets, they were more interested in procurement of medicines, health equipment, and buildings, and did not really focus on more substantial prevention and treatment measures to keep citizens healthy. An employee at the health section at Musikot Mun said, “A public awareness program on health is very necessary and we try to include them while preparing an annual plan from our side. But these programs will be removed from the final budget.”⁵⁷ When asked if elected representatives prioritized infrastructure development more, Mahendra K.C., Mayor of Musikot Mun, said that physical infrastructure was necessary for ensuring service delivery, and once the infrastructure was in place, budget and human resources would be rearranged accordingly.⁵⁸ Elected representatives also argued that plans and programs were formulated based on public expectations. Ward-1 Chairperson in Dasharathchand Mun, Bishnu Datta Bhatta, said, “People always demand physical infrastructure, particularly

⁵⁵ Interview with Mahara on March 4, 2024.

⁵⁶ Interview with the official on March 3, 2024.

⁵⁷ Interview with the official on April 5, 2024

⁵⁸ Interview with KC on April 10, 2024.

roads, as they expect easy access to health institutions, educational institutions, and service units.”⁵⁹

5.1.1. Discrepancy between Policy and Practice

In the annual policies and programs, all local levels seemed to prioritize the health sector, but it was not reflected in actual budget allocations and the formulation of plans. For example, ‘Health, education, agriculture, tourism, and infrastructure: the basis of prosperity of Banphikot RM’ is the officially adopted policy principle of Banphikot RM. This policy could only be realized through balanced investments in physical infrastructure, technology, and human resources for health services but the existing investments in health did not align with the stated policy goal.

DRCN field study noted that the health centers were facing a shortage of basic health equipment that could be purchased at a low cost. Health officials from Ward-3 health center of Banphikot reported of sphygmomanometer and stethoscopes being dysfunctional for the past three months which had not been replaced despite repeated requests to the health section [at the rural municipality].⁶⁰ They said they had to borrow these instruments from a nearby private health clinic. Two months after the field visit, when the Ward Chairperson Til Bhabadur KC was asked about this issue, he reported that the instruments and prescription cards were made available to the health center.⁶¹ Similar issues were also reported in Varagung Muktikshetra RM and Surnaya RM. A health official in Surnaya RM said,

Although the right of basic health is devolved to the local level, most of the programs are of the federal level. According to the standards of the World Health Organization (WHO), 10 percent of the total budget should be allocated to health, but not even one percent is allocated here. The local level has not allocated any budget for general administrative expenses in

⁵⁹ Interview with Bhatta on March 4, 2024.

⁶⁰ Interview with an official at the basic health service unit on April 7, 2024.

⁶¹ Interview (over telephone) with KC on June 17, 2024.

health. There is no money to buy stationery items, pens, etc. to record details about service provision. The office requires maintenance work. There is no money to pay the electricity bill. If we request the budget from ward representatives, they mention that such a request should be made to the municipality. If we go to the municipality office, they refer us to the ward office. We have often arranged such expenses temporarily from the Safe Motherhood program.⁶²

The study found that most of the local levels paid limited attention to the quality of health service delivery while allocating the budget. This indicated that the elected representatives had not taken full ownership of their rights on health services. It was noteworthy that the health service centers had big buildings, but had limited or no budget for administrative expenses, maintenance and lacked alternative arrangements in case of breakdown of equipment. The health section employees stated that they usually prepared a budget and plans and submitted it to the budget formulation committee. Health section employees generally had the expectation that all the submitted programs would be included in the budget. The employees also alleged that the programs proposed by the health section were ultimately removed by the local assemblies as the elected representatives did not prioritize it adequately.

5.1.2. Efforts for Efficient Basic Health Services

Various efforts were undertaken to improve the efficiency of basic health services at the local level. These initiatives included community-level health camp operations, family planning programs, health examinations and delivery services for pregnant women, and the distribution of maternal nutrition. In addition, women health volunteers were mobilized within the community and incentives were provided to these women. There was a focus on capacity building and orientation for health workers and volunteers. Local governments also played a crucial role in managing basic health

⁶² Interview with the official on March 3, 2024.

institutions, such as health centers, birthing centers, ambulance services, first aid centers, and basic hospitals. They also further supplemented the budget allocated under the conditional grants from the federal government to procure medicines designated for free distribution.

A. Safe Motherhood Program

The safe motherhood program was being implemented at the national level by the MoHP with the objective of reducing maternal and newborn mortality and improving the health of newborns. This federal initiative encouraged periodic health check-ups for pregnant women and promoted delivery in health institutions.⁶³ At the local level, additional incentive programs had been introduced. These included the distribution of iron pills, transport incentive funds for periodical examinations and deliveries in health institutions, and nutritional food packages for pregnant women. Mechinagar Mun, for instance, had implemented a ‘Postnatal Nutrition’ program targeting poor, disadvantaged, and marginalized women. According to an employee in the health section of the municipality, a total of NPR 0.8 million was allocated for this program in the FY 2023/024.⁶⁴ In the FY 2022/023, the allocation was NPR 1.7 million. As part of the program, women who gave birth in a health institution and registered the birth of their child received NPR 2000 in cash, along with goat ghee, honey, and protein-rich pulses.⁶⁵

Local governments also initiated door-to-door delivery check-up programs to improve maternity care. Khagendra Chaudhary, Laljhadi RM’s head of the health section, said that the RM assigned a nurse, along with an assistant, to go from house to house to regularly check on pregnant and

⁶³ Ministry of Health and Population. No date mentioned. Safe Motherhood Program. Available at <https://mohp.gov.np/program/safe-motherhood-programme/np>; accessed on June 27, 2024.

⁶⁴ Interview with the employee on March 3, 2024.

⁶⁵ Hamro Khabarpati. 2024. Mechinagar Mun’s ‘Mechinagar Nagarpalikako Sutkeri Poshan Karyakram Prabhavkari Bandai. February 4. Available at <https://hamrokhbarpati.com/2024/02/04/Mechinagar-Nagarpalikako-Sut/>; accessed on May 23, 2024.

postnatal women.⁶⁶ Musikot Mun had also arranged for health workers to conduct tests at the homes of pregnant women. Additionally, in order to increase delivery practices in health institutions, the local level provided free ambulance services for deliveries to and from the municipality's health institutions. These initiatives had increased access to maternal health services and encouraged pregnant women to deliver safely in health facilities.

B. Health Camps

Most of the local levels included in the study had planned health camps. Such programs helped the people of remote areas. Varagung Muktikshetra RM had allocated NPR 0.25 million in FY 2023/024 for health camps and family planning camps. Thasang RM had allocated NPR 0.8 million for two health camps, while Gharapjhong RM had allocated NPR 0.4 million for the “Woman, Children, Disabled and Senior Citizens with the Deputy Chair Comprehensive Health Camp.” The DRCN Research Team observed a civil health check-up camp conducted on April 11, 2024, at the Basic Health Service Center of Ward-12 in Chaurjahari Mun. About 60 citizens were tested for diabetes, blood pressure, eye problems and various diseases in the camp. It was run by Chaurjahari Mun in coordination with the Directorate of Health Services of Karnali Province. Citizens who visited the camp for health check-ups said that there was no need to go to a distant city hospital since they received good services at the health check-up camp in their own village.⁶⁷ Additionally, Chaurjahari Mun conducted a free eye check-up camp at the city hospital from April 1 to 4, 2024 serving 649 citizens. Among them, 290 people were given free medicine, 147 people were given free glasses, and 58 people were referred for further treatment after identifying cataracts.⁶⁸

⁶⁶ Interview with Chaudhary on February 28, 2024.

⁶⁷ Interview with the citizens participating in the health camp conducted in Chaurjahari Municipality, Ward-12 on April 11, 2024.

⁶⁸ Moolpati. 2080 B.S. Gaunma Aankhaka Birami Khojdai Upachar Gardai Chaurjahari Nagarpalika. Available at <https://www.mulpati.com/detail/3764>; accessed on June 28, 2024.

Although the free health camps organized at the local level brought great relief to the citizens, they were only a temporary solution to health problems and did not address systemic health issues. Health camps required substantial resources to manage skilled human resources, medical supplies and housing. It was difficult for local governments to hold such programs frequently. Such camps could only play a complementary role in strengthening the overall healthcare system, addressing the root causes of health inequalities, and promoting community involvement in health care delivery. Primarily, the services of local level health institutions needed to significantly improve in quality and coverage.

C. Establishment of Basic Hospitals

Out of 753 local levels, 655 did not have basic hospitals which led the then government led by KP Sharma Oli to establish basic hospitals at all local levels. In the first phase, on November 30, 2020, with much publicity, construction of basic hospitals with 5, 10 and 15 beds formally started in more than 300 municipalities. Although the goal was set to construct a building and operate a hospital within two years, only 27 hospitals were completed and handed over to the local level in three and a half years.⁶⁹

Problems arose in the preparation phase of some basic hospital buildings. Until January 2024, 282 municipalities were not able to submit the hospital's detailed project report (DPR) to the federal government's MoHP. Many local levels had not been able to acquire the land for it yet.⁷⁰ Pralad Karki, the CAO of the Indrasarowar RM, said that although the rural municipality planned to build a five-bed hospital and the federal government would provide financial support to build it, it was not possible due to the precondition that the municipality should own three *ropanis*

⁶⁹ Mudbhari, Pawan. 2081 B.S. Oliko Shilanyas 309, Aspatal Nirman 27. *Khabarhub*. Available at <https://khabarhub.com/2024/05/642754/>; accessed on June 19, 2024.

⁷⁰ Chaulagai, Pushparaj. 2080 B.S. 242 Palikale Ajhai Suru Garenan Adharbhut Aspatal Niraman. *Onlinekhabar*. Available at <https://www.onlinekhabar.com/2023/12/1410165>; accessed on June 19, 2024.

(1526.20 Sq. m) of land.⁷¹ While choosing a place for a basic hospital, human development index, geographical mapping, pressure on Outpatient Department (OPD) services of health institutions, distance to other hospitals etc. needed to be considered. Bishnu Prasad Panthi, former Health Minister of Lumbini Province and leader of CPN (UML), said that while it was a popular decision, there was a challenge in the implementation of this program.⁷² He claimed that the decision to build multiple hospitals at the same time without distinguishing on the basis of geography, population and priority did not bring results.

Public health expert Dr. Ravindra Pandey said that health services would not be accessible only by building physical infrastructures.⁷³ He argued that the existing health services needed to be upgraded. Similarly, another Public health expert Dr. Aruna Upreti said, “Health is not only hospitals and medicines. Non-communicable diseases are increasing now. ... Programs to raise awareness about what kind of diet and lifestyle should be followed for a healthy life should be expanded to the city, village and ward levels.”⁷⁴ She further commented that only building structures like hospitals was not sufficient to improve the health of the people.

In the Nepali context, the three essential parts to deal with public health were physical infrastructure, health personnel and equipment and these were treated separately. Since the health infrastructure was being developed unilaterally by different agencies, reliable and quality services had yet to be provided.⁷⁵ While focusing on building construction, less

⁷¹ Interview with Karki on April 12, 2024.

⁷² Chhetri, Keshar Raj. 2080 B.S. 92 Arbaka Adharbhat Aspatal Shilanyas Phataphat, Nirmanma Bewasta. *Annapurna post*. Available at <https://www.annapurnapost.com/story/451009/>; accessed on June 19, 2024.

⁷³ Khanal, Umakanta. 2020. Sthaniya Taha Aspatal: Adhikamsha Aspatalko Behal. *BBC News Nepali*, December 12. Available at <https://www.bbc.com/nepali/news-55257272>; accessed on June 19, 2024.

⁷⁴ Mudbhari, Pawan. 2081 B.S. Oliko Shilanyas 309, Aspatal Nirman 27. *Khabarhub*. Available at <https://khabarhub.com/2024/05/642754/>; accessed on June 19, 2024.

⁷⁵ Ministry of Health and Population. 2074 B.S. *Nepal Swasthya Purbadhar Bikas Mapdanda 2074*. Kathmandu: Ministry of Health and Population.

attention was paid to skilled human resources and tools and equipment. Rather than expanding existing health centers or health post buildings as needed, resources were spent on building new physical structures. For instance, Musikot Mun started constructing two basic hospitals (see Case Study 2). Dhurkot RM has 11 health institutions including two Ayurveda dispensaries. All of them had built new buildings. But again, a basic hospital building with 15 beds was being constructed. A basic hospital was being operated at the primary health center in Kafalpani. A doctor who was employed for two years with the support of the government of Lumbini Province was providing services there. The municipality did not seem to have a plan of what to do after the doctor left. The rate of migration from the municipality was increasing every year. Among the 7 wards there, citizens of Wards-1, 2 and 3 go to Gulmi District Hospital as they were the closest. The internal income of the rural municipality was estimated around NPR six million. Prem Lal Khanal, Coordinator of the rural municipality's health section, said, "It is difficult to run a basic hospital only from internal sources. For this, the elected representatives are discussing with the provincial government for assistance."⁷⁶

Case Study 2: Two Basic Hospitals within One Municipality

Musikot Mun of Rukum Paschim was preparing to operate two basic hospitals with 15 beds. A municipal executive meeting decided to build basic hospitals in two places: one in Jhulkhet which is the border of Ward-6 and 7, and the other in Solabang of Ward-4. In this municipality with 14 wards, there were 16 health institutions including five health centers, nine basic health centers and two urban health centers. A 15-bed district hospital - being upgraded to 25 beds - was also located within this municipality.

Ward chairpersons lobbied to build the basic hospital in their respective wards. The employees of the municipality said that after the proposals of two places were strengthened, the executive meeting decided to build hospitals in both places. Prem Oli, an analyst in Musikot

⁷⁶ Interview with Khanal on May 12, 2024.

Mun, said that instead of one political party dominating this decision, the interest of the ward chairpersons to build a hospital in their area was dominant. He added, “If one political party were to dominate, the CPN (Maoist Centre) would have a majority in the municipal executive. But there was no consensus among them about where to build the hospital.”⁷⁷

The decision made by the executive for the construction of the hospital did not appear transparent. Ward-7 Chairperson Ekka Bahadur Pandey said that the municipal executive had not decided to build two basic hospitals. He said, “The executive has decided to build a basic hospital with 15 beds in Jhulkhet. Now the land has been identified and soil tested in Jhulkhet. For the construction of the hospital, the federal government’s NPR 3.5 million budget has been allocated in FY 2023/024. In Solabang, the birthing center is being built as per the demand of the people and the internal resources of the municipality has been used for it.”⁷⁸ In Solabang, after purchasing land through donations, construction work was ongoing. However, the mayor and deputy mayor admitted that they were going to build two basic hospitals.⁷⁹

Representatives of the civil society claimed that there was no need for a basic hospital in Musikot. Pal Bahadur Khadka, former chairperson of Federation of Nepalese Chamber of Commerce and Industry, Rukum West, said, “Since all the 14 wards of the municipality are accessible, you can reach all the places within an hour. Instead, the municipality should help to add services like MRI, endoscopy as well as specialist services in the district hospital. Even a single basic hospital is unnecessary and worthless.”⁸⁰ According to the 2021 census, the population of the municipality was 34,270. Musikot municipality had a functional district hospital as well as three private hospitals. Many people argued that two basic hospitals were not necessary for the existing population.

Sachin Rokka Magar, Chairperson of CPN (Maoist Centre), Rukum West, argued that it would be difficult in terms of financial obligations

⁷⁷ Interview with Oli on June 13, 2024.

⁷⁸ Interview with Pandey on June 17, 2024.

⁷⁹ Opinions expressed in a discussion program entitled ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 15, 2024 in Musikot Mun.

⁸⁰ Opinions expressed in a discussion program entitled ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 15, 2024 in Musikot Mun.

for the municipality to run two hospitals.⁸¹ However, he expressed the view that the municipal executive body needed to bear the responsibility for the operation of the two basic hospitals since the decision had already been made. According to Mayor Mahendra KC, although running two basic hospitals was a challenging task, such a decision had to be made based on the experience of COVID-19 and the public demand.⁸²

Similarly, the annual internal income of Chhatrakot RM was reported around NPR five million. Savitra Gyawali, the Vice-Chairperson of the rural municipality, said that due to the lack of internal resources, the rural municipality could hardly run a basic hospital. She said, “Residents of neighboring local levels such as Ruru and Gulmidarbar RM also come to get services at the Shringa Health Post of our rural municipality. Therefore, if some municipalities jointly operated the hospital, it would be easier to provide quality services in addition to reducing the expenditure burden.”⁸³

Health services had not been able to be effective due to lack of human resources as per the specified quota in the health institutions. All three levels of government did not have plans on how to manage the additional number of human resources required for operation of these basic hospitals. The MoHP of the federal government determined the number of human resources required in hospitals with 5, 10 and 15 beds. Accordingly, about 9,000 additional personnel were required for the new basic hospitals.⁸⁴

⁸¹ Opinions expressed in a discussion program entitled ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 15, 2024 in Musikot Mun. Also interview with Magar on June 20, 2024.

⁸² Opinions expressed in a discussion program entitled ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 15, 2024 in Musikot Mun.

⁸³ Interview with Gyawali on May 16, 2024.

⁸⁴ According to the organizational structure and quota approved by the MoHP’s decision on July 5, 2022, for the basic hospitals it required 18, 22 and 30 employees with 5, 10 and 15 beds hospitals respectively. If we assume that all hospitals have 10 beds, 9,000 human resources are required for about 400 such hospitals. According to the same decision, it has already been said that the primary health center, health post and basic health center will be merged in the same hospital. If the current human resources is only one-fourth of the human resource necessary, then more than 6,000 human resources will be needed.

Although the Constitution of Nepal has given the responsibility of basic health to the local governments, the federal government made the decision to build hospitals with 5, 10 and 15 beds at the local level - something that was contrary to the spirit of federalism. Local governments were not able to take ownership of this plan of the federal government, which was made on the basis of supply rather than demand. Secretary of the MoHP Dr. Roshan Pokharel admitted that it was a mistake for the federal government to designate hospitals with 5, 10 and 15 beds without giving authority to the local levels.⁸⁵ He further added that the local governments needed to be given the right to determine the nature of hospitals according to their capacity and needs in the federal system. A three-storied basic hospital with an elevator was built in Gulmidarbar RM of Gulmi. While running a 15-bed hospital cost about NPR 20 million annually, the annual internal income of the municipality was only NPR 4.5 million. Saroj Kumar Thapa, the Chairperson of the RM, said that if they did not get support from the others, they would not run the hospital, but rather move the municipal office, which was currently operating from a rented house, to the hospital building.⁸⁶

D. Expansion of Health Insurance Services

According to the *Local Government Operation Act*, social security programs such as health insurance can be managed by the local levels. Rule 26 (1) of the Health Insurance Regulations 2075 issued by the federal government has provision that there shall be a local level health insurance coordinating committee for facilitating the health insurance related programs at each local level. Some local governments developed procedures in which the committee was responsible for expanding the

⁸⁵ Chaulagai, Pushparaj. 2079 B.S. Biswasniya Bhayena Sthaniya Tahako Swasthya Sewa. *Onlinekhabar*. Available at <https://www.onlinekhabar.com/2022/04/1110502/>; accessed on June 19, 2024.

⁸⁶ Chhetri, Keshar Raj. 2080 B.S. 92 Arbaka Adharbhut Aspatal Shilanyas Phataphat, Nirmanma Bewasta. *Annapurna post*. Available at <https://www.annapurnapost.com/story/451009/>; accessed on June 19, 2024.

insurance program, conducting promotional programs, including the very poor families in the insurance program, etc. Chaurjahari Mun initiated “Health Insurance Program for Poor, Disadvantaged Dalits, Minorities, Martyrs and People’s War Injured Families Procedures, 2079.” The staff of the health section highlighted that the municipality had provided health insurance to 1,300 families, including poor citizens, people injured in civil war, by allocating a budget of about NPR 4.5 million as per the procedure.⁸⁷ Buddhashanti RM also made a plan to pay insurance premiums for poor people. The staff of the health section said that a quota had been set for each ward and a municipal executive meeting would be held to select the beneficiaries for the insurance scheme based on the recommendations of the ward.⁸⁸ The rural municipality had already paid the premium amount for health insurance of 400 people by March 2024.

Even though some local levels were bearing 50 percent and some up to 100 percent of the premium amount for insurance for the target group, there were complaints that the actual poor families of the target groups were left out. An employee in Buddhashanti RM said, “The health insurance program is not transparent. It is targeted for poor families but the real poor families do not know about the scheme. Wealthy people get more benefits than poor people. We have not been able to pay attention to it either.”⁸⁹

E. Procurement and Distribution of Medicine

According to the Standard Treatment Protocol for the Basic Health Services Package 2078, 98 types of medicines, medical products and supplies should be provided freely through basic hospitals and primary health centers.⁹⁰ Among these, 44, 32, and 22 medicines were purchased

⁸⁷ Interview with the official on April 10, 2024.

⁸⁸ Interview with the official on March 4, 2024.

⁸⁹ Interview with the official on March 4, 2024.

⁹⁰ Health Service Department. 2078 B.S. *Standard Treatment Protocol for Basic Health Services Package 2078*. Kathmandu: Health Service Department. Available at <http://dohs.gov.np/wp-content/uploads/2022/02/STANDARD-TREATMENT-PROTOCOL-STP-FOR-BASIC-HEALTH-SERVICES-BHS-PACKAGE-2078.pdf>, accessed on June 24, 2024.

by the local, provincial, and federal governments, respectively.⁹¹ While procuring medicines, medical products and supplies, factors such as quality, quantity, price, timing of receipt, and storage arrangements were to be considered, adhering to the internationally followed supply cycle.⁹² The three tiers of government had managed the procurement and supply system by considering these issues. The federal government also sent budgets to the local governments through conditional grants to procure basic and emergency free medicines. In FY 2023/024, the Government of Nepal allocated NPR 1.28 billion as a conditional grant for procuring medicines.⁹³ When this amount was equally distributed among the 753 local levels, each received about NPR 1.7 million.

It was reported in all the local levels under this study that the funds sent by the federal government were not enough to distribute all the medicines throughout the year. Most local governments had to allocate funds from their internal revenues for the procurement of medicines. For instance, in FY 2023/024, Chhatrakot RM had allocated NPR 1.7 million and received NPR 1.28 million as a conditional grant for medicine procurement. Sapana Tandan, the Head of the Health Section, mentioned that around 150 patients per day receive treatment services through the 14 health institutions in the rural municipality.⁹⁴ She claimed that the grant received from the federal government was hardly enough to provide free medicines for four months.

According to the Head of the Health Section in Dhurkot RM, which received a conditional grant of NPR 1.2 million for the procurement of

⁹¹ Health Service Department. 2022. *Adharbhut Swasthya Sewaka Aushadhi tatha Aushadhijanya Samagriharuko Kharid Vargikaran*. Kathmandu: Health Service Department. Available at <http://dohs.gov.np/wp-content/uploads/2022/05/IMG.pdf>; accessed on June 23, 2024.

⁹² Health Service Department. 2074 B.S. *Aushadhijanya Malsaman Kharid tatha Apurti Byabasthapan Sahajikaran Pustika*. Kathmandu: Health Service Department.

⁹³ Ministry of Finance. 2023. *Budget Speech for the FY 2023/024*. Pp. 45. Kathmandu: Ministry of Finance.

⁹⁴ Interview with Tandan on May 16, 2024.

medicine from the federal government, it was estimated to cost about NPR 8.1 million to distribute free medicine from the 14 health institutions in the municipality throughout the year.⁹⁵ This estimate was based on the number of patients who visited the OPD in previous years at the health post. There was a need for the municipality to allocate more funds from internal revenues instead of relying solely on conditional grants for the purchase of medicines.

Medicine Procurement and Quality Assurance

When procuring medicines, medical products and supplies, local governments could purchase them in different ways depending on the budget limit. Medicines up to NPR 0.5 million could be purchased directly at the local level, and up to NPR 2 million could be purchased by asking for a sealed quotation while medicines estimated to cost more than NPR 2 million could only be purchased through open bidding. In addition, the local level needed to make an annual procurement plan if medicinal goods worth more than NPR 1 million were to be purchased annually. This plan would include the type of purchase, quantity and cost, competition model for supply, rough timeline etc.⁹⁶ If the federal budget allocated for the purchase of medicines to be distributed free of charge for basic and emergency health services and the budget added by the local level were combined, the local level would spend more than NPR 2 million for medicines. It thus appeared that local governments needed to make their purchases through competitive open bidding.

Some local governments procured medicine on the basis of sealed price lists without any purchase plan, breaching the legal provisions. According to the OAG report, in FY 2022/023, Tilathi Koiladi RM purchased medicines worth more than NPR 5 million without identifying the need and preparing

⁹⁵ Interview with Khanal on May 12, 2024.

⁹⁶ Health Service Department. 2074 B.S. *Aushadhijanya Malsaman Kharid tatha Apurti Byabasthapan Sahajikaran Pustika*. Kathmandu: Health Service Department.

the cost estimate, and repeatedly purchased them through sealed price lists.⁹⁷ Similarly, the OAG report for Musikot Mun mentioned that in FY 2022/023, medicines worth NPR 3.58 million were purchased directly.⁹⁸

Local respondents commonly reported that the electronic procurement system (e-bidding) was being used at the local levels that procured medicines through open bidding. Respondents said that more quantities of medicine could be procured as the supplier provided medicine at a lower price. However, local governments were still not able to meet the demand. Prem Lal Khanal, Head of the Health section of Dhurkot RM, claimed that medicines worth about NPR 3 million could be purchased through e-bidding with NPR 1.2 million. He elaborated the procurement process as follows: “Before going for e-bidding, we ask for the price of the required medicine from three firms. From that, the average rate is calculated and 20 percent is reduced per unit of medicine. The price obtained in this way is considered the purchase rate of the medicine. E-bidding is conducted after the approval of the said rate and quantity of medicine to be bought by the municipal executive meeting. The company’s expenses will be reduced while supplying the medicine in large quantities directly to the rural municipality. So they supply medicine at the lowest price.”⁹⁹ There was also an argument that the quality of medicines purchased at such a cheap rate could be lower. Sudhir Prakash Maskey, the Managing Director of Magnus Pharmaceuticals, clarified that while purchasing medicine

⁹⁷ Office of the Auditor General. 2081. *Antim Lekha Parikshan Pratibedan: Tilathi Koiladi Gaupalika, Saptari FY 2079/080 BS*. Kathmandu: Office of the Auditor General. Available at <https://oag.gov.np/uploads/files/GMP371717573180तिलाठीकोईलाठी%20गाँउपालिका,%20२०८१.pdf>; accessed on June 28, 2024.

⁹⁸ Office of the Auditor General. 2081. *Antim Lekha Parikshan Pratibedan: Musikot Nagarpalika, Rukum Pashchim FY 2079/080 BS*. Kathmandu: Office of the Auditor General. Available at <https://oag.gov.np/uploads/files/DMvOn1717682155२.%20मुसिकोट%20नगरपालिका,%20२०८१.pdf>; accessed on June 28, 2024.

⁹⁹ Interview with Khanal on May 12, 2024.

through tender, only the price was taken into account, but in fact, quality needed to be kept at the center [rather than the price].¹⁰⁰

Highlighting the medicine procurement practice of Dhurkot RM, the annual OAG report said, “The name of manufacturer of the medicine procured and its price was not published in the national newspaper; there was no promissory note of the expert mentioning the information such as the date of production and expiration, and batch number and whether the medicine to be supplied was certified by the WHO or not and before keeping the supplied medicine in the store, it was not mentioned whether it was according to the specification or not, so the quality and expiry date of the medicine could not be ascertained.”¹⁰¹ But the Chairperson of Dhurkot RM, Bhupal Pokharel stressed that the rural municipality has made its utmost effort to maintain the quality of the medicines purchased. He added, “After receiving complaints about the quality of the medicines procured by the rural municipality, we took some samples to the Department of Drug Administration at the municipality’s own expense to check the quality. The test report received from the department had no issue on the quality of the medicine.”¹⁰²

In the discussion program held in Rajbiraj and Dasharathchand municipalities on the initial findings of this study, government employees of health institutions, beneficiaries and journalists complained that the free medicines distributed by local government health institutions were poor in quality. A health official from a local level in Gulmi said, “The

¹⁰⁰ Maskey, Sudhir Prakash. 2080 B.S. ‘Aushadhiko Tender Gunastar Herera Mulya Danjne Khalko Hunuparchha.’ *Swasthyakhabar*. Available at <https://swasthyakhabar.com/story/55669>; accessed on June 21, 2024.

¹⁰¹ Office of the Auditor General. 2079 B.S. *Mahalekha Parikshako Barshik Pratibedan 2079 Dhurkot Gaupalika*. Kathamandu: Office of the Auditor General. Available at <https://oag.gov.np/uploads/files/nsqxM1685082391धुकोट%20गाउँपालिका,%20२०७८।७९.pdf>; accessed on June 28, 2024.

¹⁰² Opinions expressed in a discussion program entitled ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 26, 2024 in Dhurkot RM.

process of procurement of medicine is done on paper. But there is a lot of manipulation in this. Most of the local governments purchase medicine from some companies whose quality is poor, but the [profit] margin given by the company is very high. We prescribe actual doses assuming that it works, but patients come with complaints that the medicine did not work. They furiously say that the same medicine they bought from the medical store works.”¹⁰³ Nishma Bajracharya, Marketing Head of Nepal Pharmaceuticals Laboratory (NPL) Pvt. Ltd said that the medicine had no worth if it did not have a positive effect on the patient.¹⁰⁴ Gokarna Dayal, a journalist from Baitadi, alleged that there were discrepancies such as paying attention only to the price in the procurement, buying cheap medicines not certified by the WHO, and not even having an expiry date on the medicines distributed by the local levels.¹⁰⁵ Although there were multiple issues in medicine procurement, its regulation and monitoring seemed very weak. Dr. Anup Bastola, the Director of Curative Service Division under the Department of Health Services, said that regulation and monitoring could only be done to a maximum of 10 to 12 health institutions with the allocated budget and it was more difficult since they did not have essential human resources for it.¹⁰⁶

Despite limited resources, local level health institutions had to provide medicines without cost. All medicines prescribed by the Nepal government were not always available at those institutions. On the other hand, there were frequent complaints about cheaply purchased medicines with poor quality. People who could afford money had the option of going to private health institutions for treatment when they fell ill. During the study, many

¹⁰³ Interview with the official on May 26, 2024.

¹⁰⁴ Bajracharya, Nishma. 2081 B.S. Aushadhiko Gunastarma Samjhauta Garna Mildaina (Interview with Laxmi Chaulagai). *Swasthyakhabar*. Available at <https://swasthyakhabar.com/story/55916>; accessed on June 21, 2024.

¹⁰⁵ Opinions expressed in a discussion program entitled ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 14, 2024 in Dasharathchand Mun.

¹⁰⁶ Taylor, Manju. 2080 B.S. 98 Prakarka Aushadhi Nishulka Bitarana, tara Rajdhanikai Swasthay Sansthama Iron Chakki Samet Paindaina. *Nayapatrika*. Available at <https://www.nayapatrikadaily.com/news-details/119316/2023-07-14>; accessed on June 21, 2024.

citizens who had better economic and social access were reported to migrate to cities with better facilities. The citizens who generally received services from local level health institutions were therefore mostly economically poor and socially disadvantaged, including disabled people, and Dalit and other marginalized communities. In such a condition, if the free health services provided by the local level were poor, the health of the poor citizens would be affected and further financial burden would increase as they could need more expensive treatment later. It was necessary for local governments to make more efforts to improve the quality of free medicines and other basic health services provided by local health institutions.

5.2. Budgets and Programs in Agriculture and Livestock Sector

Local governments formulated and implemented a variety of initiatives aimed at enhancing agricultural and livestock productivity to improve local livelihoods. These efforts included preservation of indigenous crop farming, crop diversification, distribution of hybrid seeds, and provision of medicines and vaccines to prevent and control livestock diseases and epidemics, grants and subsidies to the farmers. Additionally, local governments offered technical services by deploying agricultural technicians and veterinarians to assist farmers. Most local governments also introduced agricultural and livestock insurance schemes to provide financial support in case of accidental losses. Local governments formulated projects to educate farmers on modern agricultural practices, disease and pest management, sustainable farming techniques, and livestock management practices. They also undertook farmer enrollment (*Kisan Suchikaran*) initiatives, identifying best practices, and promoting their adoption among local farmers. During the field visit for this study, Chaurjahari Mun had collected agricultural and livestock data and completed the ‘Agricultural Area Baseline Survey.’ According to the municipality’s Agricultural Extension Officer, this data was instrumental in identifying the needs of agriculture and livestock, constructing necessary

infrastructure, coordinating with provincial and federal governments, and facilitating monitoring and evaluation efforts.¹⁰⁷

Proper implementation of these various programs could enhance the agriculture and livestock sectors at the local level, thereby improving the standard of living for farmers. However, these programs often faced challenges such as inconsistent budgets, lack of skilled human resources, inadequate physical infrastructure, and deficiencies in policy and legal structures, making them unsustainable and not demand-based. Agriculture and livestock service programs were needed to balance both the immediate demands of the people and the long-term needs of the community. Fertilizers and seeds were expensive, and middlemen often kept the prices of agricultural and livestock products low, while the risk of damage to livestock and crops remained high. Nonetheless, farmers found local governments and their representatives to be accessible mechanisms for voicing their problems, which carries special importance. Their complaints had also been addressed to some extent.

Table 3 presents the priority of budget allocation for the agricultural and livestock sectors for the FY 2023/024 across the 15 local levels included in the study.¹⁰⁸ Among them, in the total agriculture and livestock budget of the local levels, Hetauda Sub-metropolitan City had the highest allocation of NPR 107 million, while Varagung Muktkishetra RM had the lowest allocation of NPR 9.6 million. However, when calculated in percentage of their total budgets, Gharapjhong RM allocated the highest share at 6.83 percent, whereas Bheemdatta Mun allocated the lowest share at 1.16 percent. In the majority of local levels (11 out of 15), the share of the agriculture and livestock budget in the total budget was less than 5 percent. The budget allocated under the title of agriculture and livestock at the local level represented the percentage of the conditional grant received by the local level from the federal and provincial governments.

¹⁰⁷ Interview with the Agricultural Extension Officer Rajeshwar Sharma of the municipality on April 10, 2024.

¹⁰⁸ The budgets of nine out of the 24 local levels were unavailable. Additionally, they did not publish a complete budget on their website.

Table 3: Agriculture and Livestock Sector Budget in FY 2023/024 (in Thousand Rupees)¹⁰⁹

Local Level	Total Budget	Total Conditional Budget	Total Unconditional Budget	Agriculture and Livestock Total Budget ¹¹⁰	Agriculture and Livestock Conditional Budget ¹¹¹	Agriculture and Livestock Unconditional Budget ¹¹²
Laljhadi RM	440818.53 (100%)	195886 (44%)	244932.53 (56%)	25118 (5.70%)	5188 (20.65%)	19930 (8.14%)
Bheemdatta Mun	1813581 (100%)	1109823 (61%)	703758 (39%)	21099 (1.16%)	8200 (38.86%)	12899 (1.83%)
Dodhara Chandani Mun	693556 (100%)	432800 (62%)	260756 (38%)	21103 (3.04%)	4133 (19.58%)	16970 (6.51%)
Purchaudi Mun	664111 (100%)	349851 (53%)	314260 (47%)	17219.91 (2.59%)	6650 (38.62%)	10569.91 (3.36%)

¹⁰⁹ The unconditional budget in the agriculture and livestock sector includes the budget allocated under the agriculture and livestock section along with the budget and programs related to the sector from other programs. They include physical infrastructure, office operation and administration, data collection, information and communication, capacity development, law making, etc. The same has been done in the conditional budget of the agriculture and livestock sector.

¹¹⁰ The percentage of the total budget allocated to the agriculture and livestock sector has been calculated by considering the total budget of the local level as 100 percent.

¹¹¹ The percentage of the conditional budget allocated to the agriculture and livestock sector has been calculated by considering the total agricultural and livestock budget as 100 percent.

¹¹² The percentage of the unconditional budget allocated to the agriculture and livestock sector has been calculated by considering the total unconditional agricultural and livestock budget as 100 percent.

Varangung Muktikshetra RM	256183.70 (100%)	120700 (47%)	135483.70 (53%)	9685 (3.78%)	2900 (29.94%)	6785 (5.01%)
Gharapjhong RM	299659.70 (100%)	138600 (46%)	161059.70 (54%)	20463.68 (6.83%)	14700 (71.83%)	5763.67 (3.58%)
Thasang RM	366845 (100%)	161802 (44%)	205043 (56%)	19788 (5.39%)	2538 (12.83%)	17250 (8.41%)
Resunga Mun	718878.76 (100%)	463850 (65%)	255028.80 (35%)	10654 (1.48%)	5654 (53.07%)	5000 (1.96%)
Dhurkot RM	558294.29 (100%)	327150 (59%)	231144.29 (41%)	23031 (4.13%)	7986 (34.68%)	15045 (6.51%)
Chhatrakot RM	554084 (100%)	419874 (76%)	134210 (24%)	21806 (3.94%)	6606 (30.29%)	15200 (11.33%)
Indrasarowar RM	492802 (100%)	188292 (38%)	304510 (62%)	12058 (2.45%)	5958 (49.41%)	6100 (2.00%)
Hetauda SMPC	2162223.73 (100%)	968070 (45%)	1194153.73 (55%)	107045.56 (4.95%)	29700 (27.75%)	77345.56 (6.48%)
Haldibari RM	486910.32 (100%)	267045 (55%)	219865.32 (45%)	24123 (4.95%)	16008 (66.36%)	8115 (3.69%)
Mechinagar Mun	1358960.56 (100%)	695368.40 (51%)	663592.1 (49%)	36562.77 (2.69%)	12014 (32.86%)	24548.77 (3.70%)
Buddhashanti RM	607747.80 (100%)	261025 (43%)	346722.8 (57%)	31743.97 (5.22%)	17253 (54.35%)	14490.97 (4.18%)

Source: Annual budget books of the respective local levels.

Separating the conditional budget and focusing on the unconditional budget provides a picture of the importance each local government gave to the agriculture and livestock sector. Out of the total unconditional budget, Hetauda Sub-metropolitan City had allocated the highest amount (NPR 77.3 million) and Resunga Mun had allocated the least amount (NPR 5 million). However, when calculated in percentage terms, Chhatrakot RM had the highest (11.33 percent) and Bheemdatta Mun had the lowest (1.83 percent) unconditional budget allocated for agriculture and livestock. However, an employee of Chhatrakot RM reported that NPR 0.5 million allocated for crop insurance in FY 2023/024 were reallocated to the construction of the municipality's administrative building after the insurance company refused to insure the agricultural crops.¹¹³ Additionally, NPR 0.5 million designated for the market promotion program for agricultural products, as well as NPR 1.2 million allocated for the popular program named farmer's pension scheme, were also transferred to the construction of the administrative building. Savitra Gyawali, Vice Chairperson of Chhatrakot RM, explained that instead of the farmers' pension scheme, subsidies based on production were distributed, leading to the reallocation of the funds originally intended for the farmers' pension to other urgent areas.¹¹⁴ Eight out of 15 (53 percent) local governments had allocated less than 5 percent of their budget to agriculture and livestock. This showed that the agriculture and livestock sector had received a low priority as a whole.

5.2.1. Grant Distribution and Capacity Development

In order to commercialize and modernize agriculture and livestock, and to attract young people to agriculture, all three levels of government provided subsidies to farmers, farmer groups, agricultural cooperatives, and private entrepreneurs. These subsidies in agriculture were mainly given for irrigation, tools, transportation, storage, seeds, plants, fertilizers, etc., and for livestock development, improvement of sheds for livestock, health

¹¹³ Interview with that employee on May 24, 2024.

¹¹⁴ Interview with Gyawali on May 16, 2024.

examination/treatment, and more. For example, Bagmati RM encouraged farmers to adopt modern farming systems by providing subsidies. These included giving NPR 3 per liter for selling milk, distribution of vegetable seeds, subsidies for purchasing potato seeds, lime, and fruit plants, and subsidies for livestock and crop insurance premiums. Specifically, the subsidies were NPR 0.50 per kilogram of potatoes, NPR 1 per kilogram of chili, onion, and garlic, and NPR 3 per kg of oranges, lemons, sweet oranges, and coffee. Additionally, vegetable collection centers had been established at three locations in the municipality to help farmers bring their product to the market.

Local-level grant programs appeared to strengthen agricultural production and improve livelihoods by providing necessary resources, skills, incentives, and technical assistance. However, many respondents commented that these programs were not based on demand and needs. As a result, poor farmers who lacked access to information were often excluded from subsidy programs. Ramsara BK, an Agricultural Technician from Musikot Mun, stated, “After the municipality publishes information about any subsidy program, the first to respond are the knowledgeable, rich farmers and those who have already received subsidies. Poor farmers and farmers without access who live in the village often do not even know about these programs.”¹¹⁵ Similar complaints were raised in other municipalities, highlighting that the means of disseminating information about subsidy programs were limited and that small farmers were not effectively targeted.

Complaints about political bias in the distribution of grants were heard in all the municipalities included in the study. Agricultural subsidies were meant to support farmers and agribusinesses by encouraging agricultural work. However, there were strong arguments that political leaders had misused their power, turning subsidy funds into a means to make their cadres happy.¹¹⁶ Mahesh Chand, Ward Chair of Bheemdatta Mun-10, said,

¹¹⁵ Interview with BK on April 9, 2024.

¹¹⁶ Neupane, Bisnaprasad., Bharatraj Bista. 2080 B.S. Karnalima Krishi Anudanko Charam Durupayog. *Annapurna Post*, Pus 27. Available at <https://www.annapurnapost>.

“Political leanings also impact grant distribution. People with political connections to representatives are receiving subsidies. Even those who keep their fields fallow have received subsidies, while farmers who are actively cultivating are deprived.”¹¹⁷ Farmers also revealed that there was a rush to register agricultural firms solely to obtain subsidies, without any actual agricultural production. Ramesh Chandra Bhatt, a farmer from Dasharathchand Mun, claimed that although 28 agricultural firms were registered in his ward, most only existed on paper. He noted that 22 firms had received subsidies from the municipality, but upon investigation, nothing was found regarding their locations or production activities.¹¹⁸ These issues in agricultural subsidies raised questions about transparency and accountability at the local level. The OAG report indicated weaknesses in the distribution of subsidies through the agricultural and livestock program in Hetauda Sub-metropolitan City for the FY 2022/023. The report stated:

This year, the Sub-metropolitan City has spent NPR 67.69 million in total subsidies on agriculture, livestock, tunnel construction, agricultural market promotion, various agricultural pocket programs, and the purchase of agricultural materials. The municipality has not properly assessed whether the subsidies given for livestock farming have been effectively utilized. It was observed that the municipality paid the subsidy percentage based solely on the bill amount, rather than the cost-sharing specified in the subsidy agreement. Without direct cost-sharing from the farmers, there is no basis to assert that the subsidy program is effective and economical. Additionally, payments were made without establishing clear local subsidy policies and procedures.¹¹⁹

[com/story/450071/](https://www.shilapatra.com/story/450071/); accessed on June 8, 2024. Malla, Ashish. 2080 B.S. Sarkari Anudanma Bichauliya Ko Nazar, Rakam Liyepachhi Banda Chhan ‘Dummy’ Udyog. *Shilapatra*. Available at <https://shilapatra.com/detail/117330>; accessed on June 8, 2024.

¹¹⁷ Interview with Chand on February 26, 2024.

¹¹⁸ Opinions expressed in a discussion program on the ‘Local Level Performance: Health, Agriculture and Disaster Management’ held by DRCN on June 14, 2024 in Dasharathchand Mun.

¹¹⁹ Office of the Auditor General. 2081 B.S. *Antim Lekha Parikshan Pratibedan: Hetauda Sub Metropolitan City, Makwanpur; FY 2079/080 BS*. Kathmandu: Office of the

Some local governments changed their strategy after finding that grant programs were not effective. Instead of giving subsidies based on planned activities, they provisioned incentives based on output. Chaurjahari Mun, Musikot Mun, Bagmati RM, Resunga Mun, and Chhatrakot RM implemented subsidy programs based on production. Chhatrakot RM allocated NPR 4 million as subsidies based on production for FY 2023/024.¹²⁰ Tek Bahadur Khanal, Head of the Livestock section of the municipality, said, “Farmers who sell at least four liters of milk at a time are given NPR 2 per liter, and firms that sell 20 liters are given a subsidy of NPR 1.5 per liter.”¹²¹ Hikmat Singh Mahara, Head of the Livestock section in Resunga Mun, mentioned that they would provide subsidies on feed to farmer groups that sell more than 100 kg of meat by rearing or selling livestock.¹²²

A. Epidemics and DRRM in Agriculture and Livestock

Local levels had made some efforts in epidemic control and DRRM in agriculture and livestock. Not only did the local levels took initiatives to control lumpy skin disease, which had spread to different parts of the country since 2020, they also succeeded in controlling the epidemic in coordination with the federal government. The federal government had also arranged for vaccination after testing samples of the disease. In addition, funds were allocated under the federal conditional grant for epidemic control at the local level. The local levels supplemented these funds while purchasing vaccines with the budget received from the federal government. Veterinarians in the municipal agriculture and livestock service section were mobilized. However, in most local levels, there was no practice of budget allocation for programs related to epidemic and DRRM (preparation

Auditor General. Available at: <https://oag.gov.np/uploads/files/mPxZz1717999806हेर्दैडा%20उपमहानगरपालिका,%20२०८१.pdf>; accessed on June 24, 2081.

¹²⁰ Chhatrakot RM. *Annual Policy, Program and Budget: Fiscal Year 2023/024*. Gulmi: Chhatrakot RM.

¹²¹ Interview with Khanal on May 16, 2024.

¹²² Interview with Mahara on May 15, 2024.

and response). Even among the limited local governments that planned and allocated budgets, there were no special preparedness or prevention strategies except for relief and rescue activities in the aftermath of a disaster. There were instances where even the plans made could not be implemented due to limited budgets. In the FY 2023/024, Musikot Mun had allocated NPR 0.2 million for emergency crop protection. However, in September 2023, a wind storm damaged crops in many wards of the municipality, causing a loss of millions of rupees, but the municipality could not do anything since the allocated budget was not enough.

Dasharathchand Mun had allocated NPR 0.3 million for epidemic prevention in the 2023/024 budget, but there was no specific strategy for epidemic management. On the other hand, the practice of providing relief for the loss of livestock and crops after disasters existed in all municipalities. This practice narrowed the scope of DRRM and shifted local priorities towards temporary and distribution-oriented programs rather than long-term solutions. Instead of focusing on preventing an epidemic or mitigating its damage, countermeasures were only considered after a disaster had occurred. There was also a lack of trained technicians and experts to manage agricultural and livestock epidemics. Preventive measures, such as training and early warning systems, were not in place.

An employee of Surunga Mun's livestock service section mentioned discomfort due to the lack of epidemic and disaster preparedness plans. He provided an example, stating, "In February 2024, in Wards-9 and 10 livestock died after being bitten by jackals, and more than 200 were affected. There was a possibility that rabies would spread and it had to be prevented. Vaccines were purchased from the emergency budget that helped to reduce the damage."¹²³ Dev Krishna Pudasaini, Chairperson of Indrasarowar RM, said that due to the low budget for agriculture and livestock sector, they did not consider the possibility of related epidemics, making it difficult to control the lumpy skin epidemic spread. Resources

¹²³ Interview with the employee on May 10, 2024.

had to be collected through reallocation from the unspent budget headings to control the disease.¹²⁴

It seemed necessary to ensure the livelihood and food security of rural communities through concrete planning, adequate resource allocation, and capacity-building initiatives for effective epidemic and DRRM in agriculture and livestock at the local level. Active involvement of local communities, inter-governmental, and inter-municipal coordination in epidemic management strategy, planning, and implementation was crucial for such initiatives.

B. Agriculture and Livestock Insurance

The *Local Government Operation Act, 2017*, stipulates that local levels are responsible for initiating agricultural insurance.¹²⁵ This insurance aims to compensate farmers for potential losses incurred due to diseases, accidents, natural disasters, theft, and robbery. In the case of complete loss of insured agricultural products, farmers would receive 90 percent of the insured amount, while partial losses would be reimbursed based on technical assessments and outlined in the insurance provisions. Covered risks included fire, lightning, earthquake, flood, inundation, landslide, drought, wind, hail, snow, frost, losses from wild animals, insects, diseases, pesticides, and other specified causes.

To encourage farmers to participate in agricultural insurance, some local governments covered 20 percent of the insurance premium, in addition to the 80 percent premium subsidized by the federal government. However, these programs had not been effective. For instance, although a crop insurance program was initiated in Haldibari RM, it had not been implemented. An employee of the agriculture section stated, “The federal government covers 80 percent of the insurance premium, and the municipality covers the remaining 20 percent. However, farmers

¹²⁴ Interview with Pudasaini on April 10, 2024.

¹²⁵ *Local Government Operation Act, 2017* Clause (12) of subsection 2 of section 11.

have not come to claim the insurance premium.”¹²⁶ Similarly, Varagung Muktikshetra RM arranged for the local level to bear the farmers’ share of insurance premiums. In Dhurkot RM and Chhatrakot RM, 10 percent of the premium was covered by the municipality, and the remaining 10 percent was borne by the farmers themselves. In Resunga Mun, the local government paid 10 percent of the insurance premium for cows and buffaloes and 20 percent for sheep and goats under livestock insurance, according to a staff member from the livestock section.¹²⁷

Despite the subsidized insurance programs for agriculture and livestock services, their effectiveness remained low for three main reasons. First, there was a lack of public awareness about insurance. The study found that many farmers were unaware that insurance was available for livestock and agricultural products. Even among those who knew about the insurance, many were not aware about the government’s support for it. Second, the insurance process was complicated, leading to a lack of enthusiasm among farmers. They often had to complete numerous procedures to obtain insurance payout and gather many documents and certificates to file a claim after damage occurred. Municipal employees reported numerous examples of farmers who previously had insurance but chose not to renew it in the past year due to the complexity of the process. Third, the reach of insurance companies was limited. These companies were often focused on cities, and their representatives were reluctant to visit remote villages. Therefore, there was a need for special initiatives to make agricultural and livestock insurance programs more accessible to farmers.

5.2.2 Anomaly in Process and Practice

At the local level, plans and programs were identified from the settlement level and would reach the ward level. After selecting and prioritizing programs at the ward level, budgets and plans were integrated at the municipal level. These budgets and plans were then approved by the

¹²⁶ Interview with the employee on February 29, 2024.

¹²⁷ Interview with the employee on June 16, 2024.

municipal executive board. Finally, the budget and programs are approved by the municipal assembly. In this process, there was a practice of proposing plans and programs from the Agriculture Service Section and Livestock Service Section, with the involvement of Agriculture and Livestock Section staff at various stages. However, the heads of the Agriculture and Livestock Sections in the municipalities interviewed for this research expressed concerns that the programs selected from the settlement level and proposed by the Agriculture and Livestock Sections were often not included in the annual budget. An employee of the Agriculture section of Banphikot RM stated, “The unit was asked to submit programs for FY 2023/024, which we did. But when the budget book was published, most of the programs submitted by the Agriculture and Livestock Sections were omitted from the budget.”¹²⁸ Ramesh Chandra Bhatt, a farmer from Dasharathchand Mun, shared a similar experience. According to him, even though plans were selected from the settlement level, prioritized at the ward level, and then integrated at the municipal level, those plans were not included in the municipality’s annual budget.¹²⁹ There were widespread complaints that policies, programs, and budgets prioritized physical infrastructure over agriculture and livestock. For instance, Tilottama Mun in Lumbini Province had given top priority to the agricultural sector in its policies and programs. However, in the budget for the FY 2024/025, the agricultural sector was neglected. Despite presenting policies and programs with the slogan “I would rather do agriculture; I won’t go anywhere, forgetting the country,” the municipality allocated only 0.85 percent of its budget to the entire agricultural sector.¹³⁰

¹²⁸ Interview with the employee on April 5, 2024.

¹²⁹ Opinions expressed in the ‘Local Level Performance on: Health, Agriculture and Disaster Management’ discussion program held by DRCN on June 14, 2024 in Dasharathchand Mun.

¹³⁰ Pandey, Bhagwati. 2081 B.S. Tilottama Nagarpalikako Bajet: Nara Yekatarfa Bajet Arko Tarfa. *Setopati*, Ashad 10. Available at <https://www.setopati.com/kinmel/economy/332778>; accessed on June 25, 2024.

A major problem in the agricultural sector is that farmers have been unable to get easy access to the market for their products. Another reason was that farmers were unable to get a fair price for their product due to the involvement of middlemen.¹³¹ In the annual policy and program of Dhurkot RM for FY 2023/024, budgets were allocated to solve these problems related to agriculture. The annual policy and program manual for FY 2023/024 stated, “To control fraud and exploitation of farmers’ production by middlemen, ensure support prices for the agricultural products will be determined within the rural municipality by analyzing the production cost, wholesale, and retail prices of farmers. Additionally, to minimize market demand risks for commercial farmers, the rural municipality will guarantee the purchase of unsold products at the set price.”¹³² In an effort to encourage farmers, the rural municipality implemented a policy and allocated budgets for arranging vehicles, fuel, and drivers to collect agricultural products and transport them to the market. Farmer groups were asked to take responsibility for the collection, management, and transportation of agricultural products to the market. However, despite all these supports, none of the farmer groups showed interest in the rural municipality’s plan. Dilip Neupane, head of Agriculture Section of Dhurkot RM, said that the program stalled afterward.¹³³ A farmer from Jaisithok of Dhurkot RM, explained the reason for not being interested in the program and said,

A cooperative was established with the investment of the municipality with the objective of collecting the local farm products and selling them at more reasonable prices than local shops. However, the cooperative could not compete with local shops. Local shopkeepers brought goods in large quantities and sold them at lower rates than the cooperative. Additionally, the cooperative only collected non-perishable items like *Gundruk* (pickled

¹³¹ Mali, Prashant. 2077. B.S. Kisanako Mihenatma Bichauliyako Rajai. *Kantipur*. Available at <https://ekantipur.com/business/2020/09/05/159927428400843070.html>; accessed on June 26, 2024.

¹³² Dhurkot Gaunpalika. 2080 B.S. *Dhurkot Gaunpalika ko Barshik Bikash Yojana*. Gulmi: Dhurkot Gaunpalika.

¹³³ Interview with Neupane on May 12, 2024.

leafy vegetables) from the farmers, avoiding perishable items such as tomatoes that could spoil quickly. Based on their experience with the municipality-operated cooperative, the farmers' group lost their trust with this plan. Consequently, none of the farmers' group were willing to manage the local agricultural products.¹³⁴

The local government also built a cold storage to safely store agricultural products and fruits and sell them at the appropriate time. Such cold storage facilities were constructed by sharing the grant received from the provincial and federal government. Although cold storages had been constructed in local levels including Chaurjahari, Varagung Muktikshatra, Dhurkot, and Gharapjhong, they had not been operational. The construction of a cold store facility in Jomsom of Gharapjhong RM was completed in FY 2022/023. The cold storage facilities were allegedly not utilized that year due to a low apple yield in the district. However, an employee of the Gharapjhong RM stated that the cold storage was not used because traders purchased apples directly from the orchards.¹³⁵ In Varagung Muktikshetra RM, two cold storage facilities were built with assistance from the Gandaki Province Government, but they had not been utilized due to high electricity costs.¹³⁶

Similarly, in Dhurkot RM the Pragatishil Tarkari Krishak Shamuha had built and operated a cold storage facility with a capacity of 100 metric tons of agricultural products at a cost of NPR 144 million. It had been constructed with a grant from the Lumbini Province Government. However, 90 tons of oranges rotted in the cold storage within two months. After that, the facility had been closed since March 2023.¹³⁷ Bhupal Pokharel, Chairperson

¹³⁴ Interview with the farmer on May 13, 2024.

¹³⁵ Interview with employee on April 3, 2024.

¹³⁶ Interview with employee of Agriculture Section, Lokendra Singh Dhami on April 5, 2024.

¹³⁷ Gautam, Ghanshyam. 2080 B.S. Shita Bhandarma Karodau Lagani Khera. *Kantipur*. Available at <https://ekantipur.com/news/2023/11/01/waste-of-crores-of-investment-in-cold-storage-30-03.html>; accessed on June 22, 2024.

of Dhurkot RM, alleged that the failure of the cold storage operation was due to the Lumbini Province Government constructing it without prior preparation.¹³⁸ Without proper feasibility analysis, including required human resource and investment, local-level plans and programs were prone to ineffective implementation, as exemplified by the construction of the cold storage. Grant programs were managed by elected representatives using an ad hoc approach based on political connections, which resulted in problems and the waste of millions of state funds.

5.3. Budgets and Programs in DRRM

Disaster Risk Reduction and Management Act, 2074 has defined disaster as “Natural or non-natural disaster causing a threatening situation in any place that results in loss of lives and properties and makes severe impacts on livelihood and the environment.” Most local governments had allocated limited budgets for DRRM activities. They seemed to have limited interest in disaster preparedness activities and greater focus on post-disaster relief distribution and financial compensation. Although all local governments allocated some DRRM funds, they demonstrated limited attention to post-disaster recovery efforts.

5.3.1. Disaster Management Fund

Section 22 of the *Disaster Risk Reduction and Management Act, 2074* mandates each local level to set up a Disaster Management Fund (DMF). The model law sent by the Federal Government *Local Level Disaster Risk Reduction and Management Act, 2075* specifies that the DMF could include amounts approved from the annual budget of the municipalities, funds received from the federal and provincial governments and donations received from domestic organizations and individuals, and any other sources. Besides allocating budgets for the DMF, local governments also

¹³⁸ Opinions expressed in the ‘Local Level Performance on: Health, Agriculture and Disaster Management’ discussion program held by DRCN on June 26, 2024 in Dhurkot RM.

developed operational guidelines for the fund. The local level executive and the Local Disaster Management Committee (LDMC) – headed by the mayor or chairperson – also played decisive roles in the operation of the fund.

Table 4 shows the budget allocation of the local levels for DRRM for the FY 2023/024.¹³⁹ Among the 17 local levels, Hetauda Sub-metropolitan City allocated more funds from the unconditional budget, while Indrasarowar RM allocated the least. However, in terms of percentage, Varagung Muktikshetra RM allocated the highest (3.54 percentage) of its total unconditional budget, whereas Indrasarowar RM allocated the lowest percentage (0.33 percentage). It was found that some local levels also included other disaster-related headings besides the DMF. Respondents commonly reported that the allocated amount in the fund was insufficient in most local levels. The Mayor of Musikot Mun, Mahendra KC, stated that the DMF was depleted after the earthquake in November 2023, raising concerns about the municipality’s preparedness for future disasters.¹⁴⁰

Local levels utilized the budget on DMF for disaster preparedness, emergency rescue, relief, and rehabilitation, and to provide compensations for losses of human lives in disasters. Some local levels also reported using the DMF to provide financial assistance to people with long-term illnesses, and to compensate for losses in agriculture and livestock during the pandemic. An official at Laljhadi RM said, “The institutional structure for DRRM is inadequate. There is a lack of essential materials. Although, we have a digital board to provide information in the office, there is no internet facility to operate it. Activating the digital board would make it easier to monitor weather conditions in various places. Sirens have been installed

¹³⁹ The budgets of 7 out of the 24 local levels were unavailable. Additionally, they did not publish the budget on their website.

¹⁴⁰ Interview with KC on April 10, 2024.

Table 4: Share of DRRM in Local Budget in FY 2023/024 (in Thousand Rupees)¹⁴¹

Local Level	Total Unconditional Budget	Budget on DRRM (%)
Laljhadhi RM	244,932.53 (100%)	3,215 (1.31%)
Bheemdatta Mun	703,758 (100%)	4,056.81 (0.58%)
Dodhara Chandani Mun	260,756 (100%)	1,760 (0.67%)
Purchaudi Mun	314,260 (100%)	2,500 (0.80%)
Musikot Mun	287,665.53 (100%)	1,030 (0.36%)
Varagung Muktikshetra RM	135,483.70 (100%)	4,800 (3.54%)
Gharapjhong RM	161,059.70 (100%)	4,184.20 (2.60%)
Thasang RM	205,043 (100%)	4,000 (1.95%)
Resunga Mun	255,028.76 (100%)	5,500 (2.16%)
Dhurkot RM	231,144.29(100%)	7,275 (3.15%)
Chhatrakot RM	134,210 (100%)	3,691 (2.75%)
Indrasarowar RM	304,510 (100%)	1,000 (0.33%)
Hetauda Sub-metropolitan City	1,194,153.73 (100%)	33,594 (2.81%)
Bagmati RM	377,556 (100%)	9,800 (2.60%)
Haldibari RM	219,865.32 (100%)	1,239 (0.56%)
Mechinagar Mun	663,592.16 (100%)	11,880 (1.79%)
Buddhashanti RM	346,722.80 (100%)	9,150 (2.64%)

Source: Annual budget books of the respective local levels.

to signal disasters, but such sirens require regular battery recharges and the rural municipality is reluctant to cover these expenses.¹⁴² He complained that not only did the rural municipality show no interest in investing in disaster preparedness, but there was also a tendency to reallocate the budget

¹⁴¹ The unconditional budget on disaster management includes the budget allocated under the disaster management section along with the budget allocated for other programs related to disaster which include physical infrastructure, data collection, information and communication, capacity development, law making, etc.

¹⁴² Interview with the employee on February 29, 2024.

earmarked for the DMF. Such practices of reallocation were reported in other local levels as well. Ganesh Datta Mishra, CAO of Dodhara Chandani Mun, and Kaushila Chand, Deputy Mayor of Dasharathchand Mun, both stated that despite the high expectations of disaster victims, limited resources prevented the local levels from providing substantial relief.¹⁴³

Chaurjahari Mun allocated NPR 1 million from the fiscal equalization grant for retrofitting vulnerable houses and other DRR-related management expenses in the FY 2023/024.¹⁴⁴ In the previous year, the budget was NPR 960,000, and was specified for relief and rescue expenses for families, schools, and other institutions affected by natural disasters, including the purchase and distribution of supplies such as corrugated galvanized iron (CGI) sheets, clothing, and tarpaulins for rehabilitation. According to an official at the Municipality, approximately NPR 1.2 million had been allocated to the disaster management sector. He stated, “There is a lack of adequate funds to carry out disaster-related work. There is a limited understanding of disasters, so the focus is mainly on relief distribution.”¹⁴⁵ The trend was similar across other local levels with minimal attention given to pre-disaster activities (risk assessment, risk reduction, preparedness, mock drills, training, equipment purchase, etc.).

5.3.2. Risk Assessment and Preparedness

The *Disaster Risk Reduction and Management Act 2074* mandates the formation of disaster management committees at the federal, provincial, district, and local levels. Consequently, LDMCs have been established across all local levels as per Section 17 of the Act. Some local governments had established such committees at the ward level as well. Local governments were required to assess disaster risks and prepare response plans accordingly. Gharapjhong, Dodhara Chandani, Laljhadi,

¹⁴³ Interview with Mishra on February 17, 2024 and with Chand on February 20, 2024.

¹⁴⁴ Budget on DRRM provided by the Accounts Section of Chaurjahari Mun on April 11, 2024.

¹⁴⁵ Interview with the employee on February 25, 2024.

Chaurjahari, Dhurkot, and Tilathi Koiladi were among the local levels where disaster risk mapping and response plans had been prepared. For example, Dodhara Chandani Mun is flanked by the Jogbuda and Mahakali rivers, with Wards-7, 8, 9, and 10 falling in flood-prone areas. Mayor Kishor Kumar Limbu stated that pre-disaster actions and relief measures were being planned, including embankment construction on the Mahakali River and installation of water level measurement devices.¹⁴⁶ However, due to budget constraints, many local levels had not undertaken any notable preparedness activities. Some local levels could not even complete disaster risk mapping. Despite this, local representatives and officials claimed to have a good sense of areas that were vulnerable to specific hazards. Buddhashanti RM could not carry out disaster mapping despite receiving provincial directives. Madan Kumar Kandel, the Chief of the Planning Section, cited staff shortages as the reason.¹⁴⁷

Despite limited resources, some local levels demonstrated disaster preparedness using locally available materials. For instance, in Tilathi Koiladi RM, flooding is a major issue with multiple rivers like Khando, Jita, Mahuli, and Koshi affecting various low-lying wards. The rural municipality procured sacs and embankment nets for immediate repairs if existing embankments are destroyed. In Dasharathchand Mun, the Nepal Red Cross Society, Baitadi branch had been conducting training, awareness, infrastructure development, and household-level disaster preparedness plan formulation for DRRM with support from UNICEF. Under this initiative, about 300 households had identified risk and safe areas around their homes, and prepared quick-run bags with emergency kits.¹⁴⁸ Laljhadi RM had installed sirens for disaster alerts, established communication systems, and accumulated necessary materials for training and rescue operations. According to Chairperson Nirmal Rana, collaboration with federal and

¹⁴⁶ Interview with Limbu on February 27, 2024.

¹⁴⁷ Interview with Kandel, who has the responsibility of DRRM, on April 5, 2024.

¹⁴⁸ Dhasharathchand Mun. 2074 B.S. *Sthaniya Vipad tatha Jalvayu Utthanshil Yojana*. Baitadi: Dasharathchand Mun.

provincial governments and non-governmental organizations was crucial for effective disaster management.¹⁴⁹ He also added that various non-government organizations were assisting them in disaster preparedness and response.

Local governments had also stockpiled essential rescue materials for emergencies.¹⁵⁰ But in many local levels, such materials were limited and in insufficient quantities. Fire trucks were operational in urban local levels like Mechinagar, Bheemdatta, Resunga, and Hetauda. According to Chhabilal Bishwakarma, the disaster focal person of Dhurkot RM, tools such as shovels and pickaxes had been stocked for rescue operations, but their quantities were insufficient.¹⁵¹

The level of preparedness appeared to vary across local levels, with many becoming active only after a disaster occurred. A fire incident in Banphikot RM in April 2024 disrupted the water supply causing a significant shortage. Chairperson Janak Kumar Bathamagar admitted the lack of preparedness and highlighted the importance of having spare pipes in storage. He added, “We do not have adequate budget, now we have no option but to seek support from provincial and federal governments, which involves lengthy and cumbersome procedures. If we had adequate preparedness, we would not have to face such hardships.”¹⁵²

Coordination challenges with other levels of government were evident in Gharapjhong and Thasang RM where the Kali Gandaki River had been identified as a risk due to annual floods and landslides. Due to restrictions put by ACAP under the federal government, the local governments

¹⁴⁹ Interview with Rana on February 29, 2024.

¹⁵⁰ The materials included helmets, gloves, boots, torchlights, raincoats, bags, whistles, stretchers, megaphones, shovels, pickaxes, iron rods, axes, hammers, first aid kits, sickles, saws, cotton ropes, nylon ropes, fire extinguishers, buckets, sleeping bags, life jackets, tarpaulins, foam mattresses, kitchen utensils etc. Additionally, depending on the nature of potential disasters, some local governments also stocked rubber boats, hiking poles, and other items.

¹⁵¹ Interview with Bishwokarma on May 7, 2024.

¹⁵² Interview with Batha Magar on April 7, 2024.

were unable to extract sand and gravel needed to manage the river flow. Spokesperson of Thasang RM, Gautam Sherchan explained, “The water level from the river has risen above the human settlements. If we could extract the excess riverbed materials, the local government could increase some revenue while also managing the water level to make the settlements safe.”¹⁵³ He also complained how the local government was unable even to sell the trees felled by landslides which would just rot away.

The *Disaster Risk Reduction and Management Act, 2074* also provides for the establishment and operation of Local Emergency Operation Centers (LEOC). These centers would facilitate the collection, analysis, and dissemination of disaster-related information to aid effective disaster response and risk reduction. LEOCs were operational in local levels like Gharapjhong, Laljhadi, Purchaudi, and Mechinagar. But these centers often faced constraints of physical spaces to operate from. According to Hemraj Upadhyay, disaster focal person at Laljhadi, LEOC did not have space to store materials received in donations for disaster response.¹⁵⁴ Since establishing new centers was challenging for individual local levels, regional centers catering to multiple local levels were suggested as more viable and cost-effective solutions. An example of such an effort was seen in Jhapa, where an emergency center was being established under an agreement between four local levels – Arjundhara, Kankai, Birtamod and Buddhashanti – and Koshi Province Government, with support from external donors.

Fire trucks and flood warning systems were often costly but seen as being essential for local levels. Joint procurement and utilization at multiple local levels was cited to be a more feasible solution. Tilathi Koiladi RM, for example, initiated a flood warning system at the Khando River with involvement from Rupani RM and Rajbiraj Mun – and support from Sabal Nepal and ICIMOD. The cost was shared among the involved local levels and organizations with Tilathi Koiladi contributing NPR 500,000, and

¹⁵³ Interview with Sherchan on April 9, 2024.

¹⁵⁴ Interview with Upadhyaya on February 28, 2024.

Rajbiraj, Sabal Nepal, and ICIMOD sharing NPR 200,000 each.¹⁵⁵ The warning system was set up such that the alarm would go off when the water level rose, and the information was immediately relayed through Whatsapp group messaging. Similarly, Surunga Mun was operating a fire truck jointly with neighboring Khadak Mun, with cost-sharing agreements for fuel and maintenance.¹⁵⁶ According to an Environmental Engineer Chanda Khadka, Hetauda Sub-metropolitan City's fire engine was also used by neighboring local levels.¹⁵⁷ She further added that sharing operational costs with other local levels could reduce the financial burden on the Sub-metropolitan City.

5.3.3. Relief and Rescue

Post-disaster activities focus on relief and rescue, including victim identification, categorization, identity card distribution, and immediate and longer-term relief efforts. Most local levels had prepared procedures for relief distribution, primarily providing financial assistance. For example, in Haldibari RM, severely injured individuals would receive up to NPR 30,000 for treatment, while families of deceased victims would receive up to NPR 50,000. Additionally, livestock losses would be compensated up to NPR 10,000 subject to market prices while damages to storing facilities for grains and crops would be assessed for relief up to NPR 5,000 and NPR 20,000 respectively. According to the disaster management procedures in Resunga Mun, families of the deceased would receive NPR 25,000 with completely destroyed houses receiving NPR 20,000, and those with partially damaged houses or livestock sheds receiving NPR 10,000 for repairs. Crop losses were compensated by up to NPR 10,000 per family subject to assessments.

¹⁵⁵ Interview with DRRM Focal Person at Tiilathi Koiladi RM, Rajesh Jha, on May 15, 2024.

¹⁵⁶ Interview with DRRM Focal Person at Surunga Municipality, Raj Kumar Yadav, on May 10, 2024.

¹⁵⁷ Interview with Khadka on May 12, 2024.

The DMF operation procedures guide the utilization of allocated funds for DRRM. Additional procedures had also been developed to support these guidelines. For instance, after the floods in Ward-4 of Varagung Muktikshetra RM in August of 2023, a procedure for the distribution of collected cash aid was formulated. This procedure outlined the justification for receiving cash assistance, its sources, accounting, beneficiary determination, and damage assessment mechanisms. However, local level representatives said implementation was challenging due to procedural complexities. In Kagbeni, of Varagung Muktikshetra RM for example, delays in government relief distribution led locals to establish their own relief and rescue mechanisms, putting into focus issues with the practicality of legal provisions and government capacity (see Case Study 3).

Case Study 3: Flood, Rescue, and Relief in Kagbeni

On August 13, 2023, floods from the Kag River damaged houses, shops, hotels, a police station, a school, ward office, motorable bridge, suspension bridge and various physical structures in Kagbeni, Ward -4 of Varagung Muktikshetra RM. According to official data, the flood caused complete damage to 13 houses and partial damage to five houses and 10 livestock sheds, with 21 sheds partially damaged. Since the flood occurred during daytime, residents from upstream areas like Muktinath, Jharkot, and Khinga had alerted Kagbeni residents on time, preventing human casualties. According to Bir Bahadur Gurung, Chief of the Khinga Village, many residents did not take the warnings seriously. He further added that if the residents had paid attention to the early warnings and quickly moved away their belongings, there would have been less damage.

Residents from neighboring villages, led by the village Chief, provided shelter, food, and support for rescue and reconstruction efforts for Kagbeni residents. The Gandaki Province Government also arranged relief materials, rescue, treatment, and resettlement for flood victims. According to Vice-chairperson Diki Gurung, various clubs, local groups, and security personnel were actively involved in rescue and reconstruction efforts. The local government arranged for the collection of aid in the DMF while local elders also formed the ‘Kagbeni Settlement

Protection Committee' to facilitate aid collection and distribution. Relief came from residents, government agencies, diaspora, and various groups and organizations. Although the local government initially planned to distribute relief centrally through a one-door system, the Committee started distributing aid on its own. About NPR 3.1 million was collected in the DMF while the local initiatives raised nearly NPR 10 million.

Diwas Sapkota, DRRM focal person at Varagung Muktikshetra RM, said, "While the local government followed proper procedures for relief distribution, we noticed that residents found the process to be complicated. The [Kagbeni Settlement Rehabilitation and Protection] Committee, formed with the involvement of the local village Chief, managed to collect and distribute aid directly. But because of procedures, official relief distribution was delayed." According to Bir Bahadur Gurung, the Chief of the village who coordinated the citizen-led relief efforts, they decided to mobilize themselves because the government processes were too cumbersome and took too long to reach the victims. According to Fenchok Chhepten Gurung, coordinator of Kagbeni Settlement Rehabilitation and Protection Committee, temporary shelters were constructed for displaced families in Ekle Bhatti. Vice-Chairperson Gurung said the local government provided NPR 100,000 for families with completely damaged houses and NPR 75,000 for those with partial damages from the DMF.

Ward-4 Chairperson Karma Gyacho Gurung said that while they received federal government assurances for reconstruction, the implementation process was already delayed. According to the Gurung, Vice-Chairperson of the RM, residents have already begun reconstruction on their own, some even in high-risk areas due to lack of available land. She added that the local government did not have the authority to provide the land for reconstruction.

On April 30, 2024, a sudden fire destroyed over 100 houses in Chimti Tole of Mahadeva RM - 1, Saptari. Ward Chairperson Jayashwar Kishor Das explained how the municipality and wards were mobilized for immediate rescue and relief efforts. He said, "I received the call at 3 PM. I frantically made phone calls and requested for the fire truck. The Superintendent of Police (SP) and Chief District Officer (CDO) arrived with a joint security

force. We were able to gather five fire trucks from Saptari and one from Sunsari, and the fire was finally controlled almost 12 hours later at 3 in the morning.”¹⁵⁸ However, victims complained that the fire trucks arrived almost four hours after the fire had started. Various organizations arranged meals for the victims. Due to the fire, important documents, including citizenship certificates and voter IDs, were destroyed, and according to the Ward Chair, victim details based on voter records were being compiled.

5.3.4. Neglect of DRRM

Local governments’ understanding of DRRM was limited and focused mainly on providing relief and financial compensation. This was reflected clearly in minimal budget and programs allocated to disaster preparedness and limited priority DRRM receives. Therefore, there was limited attention given to averting risks and preparing for effective responses. However, some local governments seemed to have prioritized DRRM and given adequate focus on preparedness, often with the support of various NGOs. There was no evidence of local governments planning for rehabilitation and reconstruction.

In any disaster, community members are the first responders. It was therefore essential to establish well-trained search and rescue teams in each ward at the community level. Currently, information management was the weakest aspect of the disaster response system. Local governments needed to work seriously to upgrade disaster information management systems and improve community engagement. Major improvements were also needed in the early warning system. The existing local disaster information management systems were disorganized and need to be revamped.

Local governments were not consistent in enforcing building codes, leading to the construction of weak structures and further increasing disaster risks. Unplanned activities carried out by local governments under infrastructure development were further aggravating disaster risks.

¹⁵⁸ Interview with Das on May 14, 2024

Excessive exploitation of natural resources was also contributing to the increase in natural disasters. Unregulated bulldozing of hillsides was increasing the risk of soil erosion and landslides, and the gravel, sand, and stones carried by such erosion were raising riverbeds, putting nearby settlements at risk. Although local governments were active in search, rescue, and recovery in the aftermath of a disaster, such proactive measures were not evident for preparedness all year round. This was why risk mapping was given less priority. Multiple institutions would be required for effective DRRM, making coordination naturally complex and requiring extensive planning and preparation. Increasing urbanization, unplanned settlements, unscientific development of infrastructure, and climate change were all adding to the increasing incidence of disaster hazards. There was also very limited study and data on DRRM in the Nepali context.

To manage disasters independently, local governments needed to be provided periodic training on emergency preparedness and rescue. Many local governments lacked or had very poor warning systems for disasters. In places where such systems were installed by other organizations, they had not been maintained properly. Local governments did not have enough knowledge and preparedness for disaster response, increasing the likelihood of ineffective disaster response. This was due to the lack of priority and effort towards capacity development in effective DRRM.

Many DRRM-related programs at the local level had been conducted with external NGO support. Since such support provided short-term solutions, the reliance on such support needed to be gradually phased out and programs needed to be advanced with local policies, resources, and capacity expansion. DRRM was also an interconnected and overlapping issue for local governments and it needed to be linked with policies and programs to integrate health, agriculture, education, and other sectors.

6. Conclusion

The local level is the closest government to citizens for service delivery in federal Nepal. This study aimed to evaluate the thematic priorities, performance, and effectiveness of local governments by examining the implementation of exclusive rights in health, agriculture, livestock, and DRRM, as these areas are directly connected to the daily lives of citizens.

While local governments had been implementing budgets and programs to provide important services to the citizens, their core functions were significantly affected by structural and jurisdictional bottlenecks. Despite nearly a decade since federalism's implementation, local governments were still unable to execute their constitutional functions fully. Delays and lack of urgency in drafting crucial framework laws by both federal and provincial governments on areas of concurrent jurisdictions continued to impede devolution of power and resulted in widespread jurisdictional ambiguities between the three tiers of government. Financial and human resource constraints including limited internal revenue sources, and inadequate support from federal and provincial governments, continued to affect local functions..

Effective legislation and policymaking are crucial for good governance and accountability at the local level. But major challenges continued to persist in both legislative processes, as well as implementation of laws. The study identified many ongoing sectoral programs in health, agriculture, livestock, and DRRM that lacked adequate legal frameworks, raising concerns on quality of these services.

Human resource management was one of the major challenges at the local level with representatives expressing serious complaints about the number of positions approved by the federal government being insufficient. The findings of this study appeared to validate their concerns. The O&M survey, which allocated fewer posts at the local level—despite its primary responsibility for service delivery—and more at the federal level, was flawed. Additionally, many of the approved positions remained vacant.

Local governments tried to overcome this insufficiency and ensure regular delivery of services by recruiting technical employees in sectors like health, agriculture, and livestock on a fixed term. But lack of training, skill development opportunities, incentives, and poor infrastructure for these employees continue to impact important service delivery functions. The study identified timely legislation of the Federal Civil Service Bill and a new robust and pragmatic O&M survey as being necessary for local governments to manage human resources effectively. Similarly, other thematic and sectoral legislation like that of the Health Service Bill would also facilitate more effective management of employees in different sectors.

Most of the ongoing programs related to basic health, agriculture, livestock, and DRRM, which fall under the exclusive jurisdiction of the local level, relied primarily on conditional grants from the federal government. This reliance, despite nearly eight years of operation, indicated federal indifference and a lack of trust in local government capabilities. Reducing conditional grants and increasing equalization grants, while supporting capacity enhancement, would be a more advisable approach given the diverse needs and demands at the local level. This would also grant decision-making authority to the local governments in these sectors.

Local governments failed to adequately prioritize basic health, agriculture, livestock, and DRRM while allocating funds from their internal revenue. The electoral political economy at the local level, fueled by the public demand, favored investments in visible physical infrastructure projects over these essential sectors where results would not always appear obvious. Such political economy factors must be acknowledged as elected representatives continue to prioritize popular schemes to get reelected. This culture also posed challenges to accountable local governance. Local investment in physical infrastructure lacked adequate environmental safeguards, which seemed to adversely affect citizens' health and agricultural production – and further aggravate disaster risks. Elected representatives must therefore refrain from distribution-oriented budget allocations to serve some specific interests. This trend, however, was not

unique to the local level and its eradication would warrant a collective resolve from all three tiers of government.

Despite structural and jurisdictional challenges, local governments had implemented noteworthy schemes to assist farmers in the agricultural sector. While providing subsidies in agriculture and livestock to encourage farmers was acknowledged as important, unfair and politically influenced selection of subsidy beneficiaries without clear criteria and standards was a commonly reported challenge. It would be crucial to establish clear laws and standards – and monitoring mechanisms – to ensure transparency and good governance before initiating any subsidy programs. Another commonly raised issue in the agriculture sector was the construction of cold storage facilities without due processes. Respondents said such facilities were built without any serious assessments of needs or operating costs and remained unused despite significant investments.

Rapid out-migration had continued to alter the demographic landscape at the local level, but most health institutions and structures, established prior to federal implementation, were not able to provide effective service delivery in the health sector. Despite the local government’s constitutional mandate for providing basic health services, the federal government decided to build over 300 primary hospitals simultaneously without adequate coordination with local governments. This led to multiple issues around construction of hospital buildings with many local government respondents arguing that the operating costs of these hospitals were beyond their capacities to sustain. In local levels around district headquarters, where bigger [district] hospitals were already functional, these new basic hospitals were not felt necessary. Assessing geographic considerations and the need to form a cluster of multiple local governments to build such hospitals would have been a more effective and sustainable approach rather than the blanket ‘one local level, one hospital’ approach.

Making such decisions at the federal level, which essentially overrides local government’s constitutional jurisdictions, also contradicted the spirit

of federalism. Local governments needed to act more proactively to fulfill their important service delivery functions like basic healthcare. But that would only be possible if and when federal and provincial governments took concrete and sincere steps to facilitate the devolution of authorities in different areas of exclusive local jurisdictions. DRRM received the least attention across the local levels. While proactive in post-disaster relief and rescue, local governments neglected preparedness, restoration, and longer-term reconstruction. Non-governmental organizations undertook some preparatory activities, but local governments struggled to assimilate these efforts in their annual budgets and programs. Local governments needed greater sensitization to adopt preparedness as being fundamental to significantly reducing disaster risks and hazards.

The popular narrative of ‘Singh Durbar in each village’ – signifying major devolution of state power to the newly restructured local units – dominated the first local elections in 2017. Consequently, newly elected local governments started investing significantly in physical infrastructure, health, agriculture, and livestock. The expansion of the rural road network facilitated ambulance access, and efforts were made to provide basic health services within wards. Although local governments were unable to supply free medicines year-round, they strove to manage some basic medicines. But the overall progress still appeared unsatisfactory. Local governments needed to further invest in health, agriculture, and livestock. Emphasis must also be placed on marketing agricultural products and reducing middlemen’s influence, ensuring fair prices for farmers. Despite drafting some laws and policies, local governments so far demonstrated limited capacity for effective implementation. They needed to be more proactive in their efforts to make significant gains in the level and quality of services in areas of their core constitutional functions.

Annex 1: Local Government Legislation on Health, Agriculture and Livestock, and DRRM

S.N.	Thematic Areas	Health		Agriculture and Livestock		DRRM	
		Acts	Regulations/Policies/Guidelines/Procedures/Standards	Acts	Regulations/Policies/Guidelines/Procedures/Standards	Acts	Regulations/Policies/Guidelines/Procedures/Standards
1.	Laljhadi RM	1. Local Health and Sanitation Service Act, 2076		1. Local Land Act, 2079 2. Village Agriculture Promotion Act, 2075	1. Livestock Development Program Implementation Procedures, 2077 2. Basis for Land Use and Area Classification Standards, 2080	1. Village DRRM Act, 2075	1. Disaster Management Fund (Operation) Procedures, 2075 2. RM DRRM Procedures, 2075
2	Bheemdatta Mun	1. Local Health Service Act, 2078	1. Local Health and Sanitation Service Procedures, 2074	1. Agriculture and Livestock Act, 2078	1. Local Agriculture Business Promotion Procedures, 2075 2. Stray Animals Control and Management Directives, 2074		1. DRRM Procedures, 2075 2. Disaster Management Fund (Operation) Procedures, 2075

3	Dodhara Chandani Mun			1. Agriculture Business Promotion Act, 2075	1. Agriculture/Livestock Development Program Operation Directives, 2077 2. Land Use Area Classification Standards, 2077	1. DRRM Act, 2075	1. Disaster Preparedness and Response Plan, 2081 2. Forecast-Based Disaster Preparedness and Advance Response Procedures, 2080 3. Disaster Management Fund (Operation) Procedures, 2077
4	Sumaya RM		1. Health and Sanitation Service Procedures, 2075 2. Ambulance Service Operation Procedures, 2075 (First Amendment 2079)		1. Agricultural Business Promotion Procedures, 2075		
5	Dasharath-chand Mun			1. Agricultural Business Promotion Act, 2075			1. Disaster and Climate Uplifting Special Fund Operation and Management Directives, 2074
6	Purchaudi Mun		1. Ambulance Service Operation Procedures, 2075				

7	Musikot Mun	1. Health Act, 2077	1. Ambulance Service Operation Procedures, 2079 2. Ambulance Service Operation Directives, 2076 3. Health Institution Registration, Renewal, Upgradation and Service Addition Directives, 2078 4. Health Policy, 2076	1. Agriculture Act, 2076 2. Local Agricultural Business Promotion Act, 2074	1. Land Use Procedures, 2079 2. Mayor Best Farmer Award Procedures, 2078 3. Formation and Operation of Farmers Cooperation Group Procedures, 2077 4. Community Agriculture Extension Service Center Establishment and Operation Procedures, 2077 5. Municipal Agricultural Development Program Operation and Management Procedures, 2076 6. Subsidy Per Liter of Milk as an Incentive to Milk Producing Farmers Program Directives, 2076 7. Livestock Insurance Promotion, Encouragement, Management and Operation Procedures, 2076 8. Livestock Shed Reform Program Management and Operation Procedures, 2076 9. Agricultural Insurance Promotion Incentive Implementation Procedures, 2076 10. Livestock Service Program Implementation Directives, 2075 11. 100% Grant Distribution of Advanced Wheat Seed to Hail Affected Wheat Farmers Procedures, 2075 12. Contract Farming Proposal Program Operation Procedures, 2075	1. DRRM Act, 2075	1. Disaster Management Fund (Operation) Procedures, 2075
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8	Chaurjahari Mun	1. Integrated Health Service Act, 2074	<ol style="list-style-type: none"> 1. Local Level Health Insurance Operation Coordination Committee Formation/Operation Procedures, 2079 2. Poor, Dalits, Minorities, Families of Martyr and People's War Health Insurance Procedures, 2079 3. Hospital with 15 Beds Operation Procedures, 2077 4. Health Sector Monitoring, Assessment and Supervision Directives, 2079 5. Health Institution Registration, Licensing and Renewal Directives, 2076 6. Ambulance Service Operation Directives, 2076 7. Prohibition of Drugs and Narcotics and Control of Alcohol and Tobacco Directives, 2077 8. Hospital Pharmacy Service Operation and Management Directives, 2077 (First Amendment 2078) 9. Health Policy, 2078 10. Mental Health and Psycho-social Policy, 2081 	<ol style="list-style-type: none"> 1. Agricultural Business Promotion Act, 2074. 	<ol style="list-style-type: none"> 1. Agricultural Business Promotion Procedures, 2078 2. Grants on the Basis of Production of Agriculture and Livestock Procedures, 2078 3. Farmer Incentive Program Implementation Procedures, 2079 4. Agriculture and Livestock Standards, 2078 5. Farmers Pension Program Implementation Procedures, 2078. 6. Agricultural Pocket Area Operation and Management Procedures, 2080. 7. Land Use Implementation Procedures, 2079. 8. Land, Agriculture and Cooperatives Operation Procedures, 2079. 9. Directives for Subsidized Interest Rates Grant for Farmers Collaboration Group Directives, 2077. 10. Farmers Collaboration Group Registration and Mobilisation Procedures, 2077 	<ol style="list-style-type: none"> 1. Natural Disaster Management and Relief Standards, 2076 2. Operation of LEOC Procedures, 2076
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9	Banphikot RM			1. Agricultural Business Promotion Act, 2074	1. One Household One Senior Farmer Promotion Allowance Distribution Procedures, 2078	1. DRRM Act, 2075	1. Rescue, Relief and Aid Distribution Procedures, 2080 2. Disaster Management Fund (Operation) Procedures, 2075
10	Resunga Mun			1. Agriculture Act, 2075	1. Agricultural and Livestock Wholesale Collection Center Operation Procedures, 2075		1. Emergency Fund Operation and Management Procedures, 2075 2. Disaster Management Fund Operation Procedures, 2074
11	Dhurkot RM	1. Local Health Act, 2075	1. Basic Hospital (15 Bed) Operation and Management Procedures, 2080 2. Ambulance Service Operation Procedures, 2080 3. Female Community Health Volunteer (Welfare Fund) Operation Procedures, 2080	1. Agriculture Act, 2074	1. Livestock Service Program Operation Procedures, 2074		1. Disaster Management Fund Operation Procedures, 2074

12	Chhatrakot RM	1. Local Health Act 2076, (First Amendment 2079) 2. Health Insurance Program for Poor People Act, 2076	1. Ambulance Service Operation and Management Procedures, 2078 2. Female Community Health Volunteer Farewell Program Procedures, 2077 3. Pregnant Women Transportation Fees Procedures, 2076 4. Health Treatment Fund Operation Procedures, 2074	1. Farmers Pension (Farmer Incentive Allowance) Act, 2076.	1. Agriculture and Livestock Development Program Operation Procedures, 2077 2. Barren Land Management Procedures, 2077 3. Grant Distribution Based on Dairy Production Procedures, 2077 4. Farmer Pension Program Operation Procedures, 2077 5. Agriculture, Livestock, and Fishery Farm Registration Procedures, 2077	1. DRRM Act, 2076 1. DRRM Act, 2076 (First Amendment 2079)	1. Disaster Management Fund Operation Procedures, 2074
13	Varagung Muktkishetra RM		1. Golden Thousand Days Program Operation Procedures, 2079		1. Farmer's Group Formation and Management Directives, 2077	1. DRRM Act, 2077, (First Amendment 2079)	1. Disaster Management Fund Operation Procedures, 2080
14	Gharaphong RM		1. Full Institutional Delivery and Golden Thousand Days Program Operation Procedures, 2078, (First Amendment, 2079) 2. Ambulance Service Operation and Management Directives 2078, (First Amendment 2079) 3. Traditional Healer's Enumeration Standards, 2079	1. Agricultural Business Promotion Act, 2077	1. Registration of Firms Related to Livestock/Agriculture Development Procedures, 2078 2. Farmers Group Formation, Management and Program Operation Procedures, 2077 3. Farmers Identification Procedures, 2075	1. DRRM Act, 2077	1. LEOC Operation Procedures, 2080 2. Disaster Management Fund Operation Procedures, 2075

15	Thasang RM		1. Agricultural Business Promotion Act, 2077	1. Agriculture and Livestock Program Grant Procedures, 2080 2. Farmers Group Formation and Management Procedures, 2078 3. One Farmer, One Advanced Cow Distribution Program Procedures, 2077	1. DRRM Act, 2077	1. DRRM Procedures, 2075	
16	Indrasarowar RM	1. Local Health and Sanitation Act, 2076	1. Ambulance Service Operation Directives 2078	1. Agricultural Business Promotion Act, 2077	1. Livestock Insurance Grant Program Procedures, 2077 2. 70 Percent Interest Grant Program for Farmers and Livestock Business Procedures, 2077	1. DRRM Act, 2075	1. Rescue and Relief Distribution To Disaster Victims Standards, 2077 2. Disaster Management Fund Operation Procedures, 2075

17	Hetauda Sub-metropolitan City	<p>1. Local Health and Sanitation Service Act, 2075</p> <p>2. Public Health Service Act 2079</p>	<p>1. Hospital Operation and Management Procedures, 2079</p> <p>2. Health Insurance Coordination Committee Formation and Operation Procedures, 2079</p> <p>3. No Home Delivery Program Standards, 2076</p> <p>4. Post-natal Health Check-up and Nutrition Gift Distribution Standards, 2076</p> <p>5. Poor Families and Minority Communities Health Insurance Procedures, 2076</p> <p>6. Support for HIV Infected People Standards, 2077 (Amendment 2078, 2080)</p> <p>7. Video X-ray Service for Pregnant Women To Ensure Safe Motherhood Standards, 2077</p> <p>8. Health Institution Registration, Licensing and Renewal Directives 2076, (First Amendment, 2077)</p> <p>9. Female Community Health Volunteer (Service and Facilities) Procedures, 2078</p> <p>10. Tobacco-based Products (Control and Monitoring) Directives, 2077</p>	<p>1. Agricultural Business Promotion Act, 2074</p>	<p>1. Free Artificial Insemination Service Operation and Management Directives, 2076</p> <p>2. Grant For Livestock Insurance Operation and Management Directives, 2076</p> <p>3. Commercial Pig Farm Operation Standards, 2076</p> <p>4. Commercial Birds Farm Operation Standards, 2076</p> <p>5. Agriculture and Livestock Grant Distribution Procedures, 2079</p> <p>6. Excellent Ward Selection Standards, 2080</p>	<p>1. DRRM Act 2075 (First Amendment 2080)</p>	<p>1. Disaster Management Fund Operation Procedures, 2079 (First Amendment 2081)</p>
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18	Bagmati RM	1. Local Health and Sanitation Service Act, 2074	1. Health Insurance Coordination Committee Operation Procedures, 2079	1. Agricultural Business Promotion Act, 2075	1. DRRM Act, 2075	
19	Surunga Mun	1. Local Health and Sanitation Service Act, 2074	1. Ambulance Operation Procedures, 2079			
20	Mahadeva RM					
21	Tilathi Koiladi RM				1. DRRM Act 2075	

22	Haldibari RM	<p>1. Health Service Operation Act, 2077</p>	<p>1. Basic Hospital Operation and Management Procedures, 2080 2. Ambulance Service Operation and Management Procedures, 2080 3. Health Institution Operation Procedures, 2080 4. Health Insurance Program Procedures, 2079 5. Citizen Treatment Support and Emergency Fund Operation Directives, 2075 (Amendment 2079) 6. Safe Delivery Incentive Standards, 2079 7. Operation of Home Based Health Services for Senior Citizens, Pregnant Women, and Differently Abled Citizens Standards, 2079</p>	<p>1. Agricultural Business Promotion Act, 2075 2. Agriculture and Livestock Act, 2078 3. Local Land Act, 2078</p>	<p>1. Grant Distribution of Fertilizers Management Procedures, 2080 2. Agriculture, Livestock and Fishery Farm Registration Procedures, 2080 3. Agriculture Development and Agriculture Promotion Implementation Procedures, 2079 4. Farmers Group Formation and Management Directives, 2079 5. Farmer Targeted Program Operation Procedures, 2076 6. Agriculture Development Committee Formation and Mobilization Procedures, 2075 7. "Happiness for Farmers, Agriculture and Livestock Development" Program Operation Procedures, 2075 8. Haldibari's Promise, Fishes All Over Jhapa Program Operation Procedures, 2075</p>	<p>1. DRRM Act, 2075</p>	<p>1. Disaster Management Fund Operation Procedures, 2079 2. LEOC Operation Procedures, 2079</p>
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23	Mechinagar Mun	<p>1. Hospital Pharmacy Service Operation and Management Guidelines, 2081</p> <p>2. Municipal Hospital Operation and Management Procedures, 2081</p> <p>3. Health Institution Registration, Renewal and Regulation Procedures, 2081</p> <p>4. Distribution of Nutrition Package for Postnatal Women from Poor Families Procedures, 2075</p> <p>1. Health Insurance Promotion Allowance Distribution Procedures, 2078.</p> <p>2. Bhagiratha Buddhshanti Hospital's First Call vehicle Operation Procedures, 2080.</p> <p>3. Local Level Health Insurance Coordination Committee Operating Procedures, 2078</p> <p>4. Procedures Related To Distribution of Health Insurance Incentive Allowance For Employees Working in Bhagiratha Buddhshanti Hospital Procedures, 2078</p>			<p>1. Mustard Farming and Beekeeping Promotion Program Operating Standards, 2080</p>	<p>1. DRRM Act, 2077</p>	
24	Buddhashanti RM	<p>1. Agriculture and Livestock Act, 2078</p> <p>2. Local Agricultural Business Promotion Act, 2075</p>		<p>1. Land Use Classification Procedures, 2080</p>	<p>1. Disaster Management Fund Operating Procedures, 2075</p>		

Source: Legal documents accessed from the official websites of respective local levels as of June 28, 2024.

Democracy Resource Center Nepal (DRCN), established in 2014, is a national non-governmental organization that studies and researches social and political issues. Since its inception, this organization has conducted on-the-ground and evidence-based studies on the implementation of federalism in Nepal's transitional politics, local level restructuring, election supervision, federalism and good governance. DRCN presents the findings of the study and research with stakeholders, and also conducts discussions and debates. DRCN's goal is to promote effective governance within Nepal's federal structure through such research and debate.



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