

Vitalizing Local
Government
Performance, Citizen
Participation and
Socioeconomic
Development

Vitalizing Local Government Performance, Citizen Participation and Socioeconomic Development

By

Ganesh Prasad Pandeya
and Tatsuo Oyama

Cambridge
Scholars
Publishing



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This book first published 2023

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

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ISBN (10): 1-5275-0717-3

ISBN (13): 978-1-5275-0717-3

HIGHLIGHTS

- Citizen participation is essential for improving local government performance and strengthening local democracy. However, the impact of citizen participation has often fallen short of expectations in many developing countries.
- This book offers practical strategies for enhancing the performance of local government (LG), mainly focusing on citizen participation, socioeconomic development, and citizen empowerment.
- We demonstrate that citizen participation often positively contributes to LG performance, though it may sometimes lead to negative outcomes. We present evidence explaining the reasons behind this.
- We emphasize that socioeconomic development and citizen empowerment are the key factors influencing performance differences in participatory organizations.
- We strongly argue that reforming participatory institutions and rules alone is not sufficient to improve LG performance through participatory approaches.
- Educating citizens, increasing income, optimizing LG size, and mobilizing particularly the disadvantaged citizens are all crucial for enhancing empowered citizen participation and, consequently, improving LG performance.

TABLE OF CONTENTS

Preface	xii
Prologue.....	xvi
Acknowledgments	xx
List of Tables and Figures	xxiii
Acronyms	xxv

Chapter One

Vitalizing Local Government Performance

1.1 Introduction.....	1
1.2 Study Framework	4
1.2.1 Citizen Participation	5
1.2.2 Socioeconomic Development.....	7
1.2.3 Social Mobilization	11
1.2.4 Framework of Analysis	
1.3 Research Methods	19
1.4 Structure of the Book	21

Chapter Two

Local Government Systems in Nepal

2.1 Introduction.....	25
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2.2 Socioeconomic Structures.....	25
2.3 Historical Context of Citizen Participation	30
2.3.1 Period of Elite Control (Prior to the 1950s)	31
2.3.2 Pre-Democratic Period (1950-1990)	35
2.3.3 Period of Institutionalization and	
Internalization (1990 onwards).....	40
2.3.3.1 The structure of local government	40
2.3.3.2 Evolution of policy frameworks	
for citizen participation.....	44
2.4 Participation Mechanisms	49
2.4.1 14-Steps of Participatory Planning.....	52
2.4.2 Integrated Planning Committee.....	53
2.4.3 Council Meeting	54
2.4.4 Advisory Committee	55
2.4.5 All Party Mechanism.....	55
2.4.6 Users Committee	56
2.4.7 Monitoring and Facilitation Committee	57
2.4.8 Supervision and Monitoring Committee	57
2.4.9 Local Governance and Accountability Facility	58
2.4.10 Minimum Conditions and Performance Measures	58
2.4.11 Ward Citizen Forum.....	60
2.4.12 Community Awareness Centre.....	60
2.4.13 Public Hearing.....	61
2.4.14 Public Audit.....	62
2.4.15 Social Audit.....	63
2.4.16 Partnership with Civil Society	64

Chapter Three

Citizen Participation and Local Planning

3.1 Introduction.....	67
3.2 Literature Review.....	69
3.3 Research Framework and Research Methodology	72
3.3.1 Research framework.....	72
3.3.2 Research methodology	74
3.3.2.1 Structure of the survey	76
3.3.2.2 Data analysis	84
3.4 Outcomes of Citizen Participation	86
3.4.1 Positive Outcomes	90
3.4.1.1 Institutionalizing participatory planning	90
3.4.1.2 Achieving allocative efficiency	92
3.4.1.3 Achieving cost and management efficiency	94
3.4.1.4 Achieving equitable and inclusive development	97
3.4.2 Negative Outcomes	100
3.4.2.1 Raising expectations	100
3.4.2.2 Low levels of collective action capacity in citizens...	101
3.4.2.3 Faulty compartmentalization of planning	103
3.4.2.4 Creation of administrative complexities	105
3.5 Enabling and Constraining Factors	106
3.5.1 Enabling Factors	107
3.5.1.1 Social mobilization	107
3.5.1.2 Well-designed participatory frameworks.....	109
3.5.2 Constraining Factors	110
3.5.2.1 Local power and politics.....	110
3.5.2.2 Absence of elected representatives	112
3.6 Conclusion and Policy Implications.....	113

Chapter Four

Citizen Participation and Local Government Accountability

4.1 Introduction.....	115
4.2 Citizen Participation and Accountability:	
A Theoretical Framework	116
4.3 Outcomes of Citizen Participation	123
4.3.1 Enhancement of Transparency	126
4.3.2 Strengthening of Monitoring Systems.....	133
4.3.3 Improvement in Responsiveness	139
4.3.4 Controlling Corruption Risks	142
4.4 Discussions and Conclusion.....	147

Chapter Five

Vitalizing Local Government Performance:

Socioeconomic Development and Social Mobilization

5.1 Introduction	151
5.2 Research Context.....	155
5.2.1 Social Mobilization	155
5.2.2 Performance Monitoring Tool.....	159
5.3 Research Hypotheses	162
5.3.1 Education	163
5.3.2 Poverty	165
5.3.3 Local Government Size.....	167
5.3.4 Social Mobilization	169
5.4 Research Methodology	173
5.5 Experimental Results	175
5.5.1 Numerical Results	175
5.5.2 Regression Results	180

Vitalizing Local Government Performance, Citizen Participation and Socioeconomic Development	xi
5.5.3 Robustness Checks	186
5.6 Discussions	187
5.6.1 Education.....	187
5.6.2 Poverty	190
5.6.3 Local Government Size	193
5.6.4 Social Mobilization	197
5.6.5 Regional Factors.....	201
5.7 Conclusion	204

Chapter Six

The Road Ahead

6.1 Concluding Remarks.....	210
6.2 Implications	215

Appendices

Appendix A.....	228
Appendix B.....	232
Appendix C.....	236
Appendix D.....	237
References	238

PREFACE

The pursuit of a responsive and accountable local government calls upon us to engage in comprehensive research, aiming to better solutions for vitalizing the performance of local government (LG). In this regard, it is imperative that we address some important questions: Why do some LGs perform better while others fail in providing essential public services? What factors contribute to the varying levels of LG performance? How can we build robust LG institutions? Is LG performance tied to the contexts, such as social and economic characteristics and the citizen empowerment process of the society? These age-old questions retain their significance, as improving LG performance stands as one of today's most critical and pressing issues. This is because the weak performance of LG is a source of many of our daily problems, from poor public infrastructures and substandard public services to the low responsiveness of public officials, rampant corruption, and local conflicts.

Numerous countries have undertaken ambitious reform plans to improve LG performance, yet their endeavors have often yielded limited tangible results. While we possess better knowledge about the reform of central government, our understanding of measures to reform LG institutions remains relatively unexplored. Over the past four decades, the participatory approach to LG reform has emerged as a key focus in numerous developed and developing countries, including Nepal. The underlying principle is straightforward: citizen participation enables LG to better identify and understand citizens' needs, empowering them to have increased access to,

and control over, the LG decision-making process. This, in turn, ensures and enhances the accountability mechanism of LG institutions towards citizens.

Despite numerous initiatives to reform LG institutions through participatory approaches, the actual outcomes have fallen short of expectations. The outcomes of citizen participation in improving performance have been inconsistent, with substantial variations across regions. While advanced democracies have witnessed significant improvement through participatory approaches, many developing countries face challenges stemming from weak capacities of citizens and LG institutions. In addition, they both are constrained by power imbalances among the actors of LG coupled with inequalities in socioeconomic and cultural conditions. In these adverse circumstances, negative outcomes such as increasing or sustaining corruption, capture, exclusion, subordination, and clientelism have been observed at times. Tackling these pressing issues stands as a formidable challenge in our time.

Undeniably, a considerable knowledge gap exists in the endeavor to make LGs more responsive, transparent, and accountable, ultimately enhancing their performance. The prevalent reform practices targeting LG institutions, with a focus on enhancing participation through institutional reform, although valuable, frequently prove inadequate in addressing the fundamental structural obstacles impeding participatory performance. A comprehensive understanding of long-term reform trajectories and the formulation of custom-designed solutions tailored to address pressing issues are paramount.

This book emphasizes that the context of citizen participation plays a pivotal role in influencing the outcomes of LG performance. It deals with citizen participation and LG performance from various viewpoints, such as the mechanism and the property included in the LG systems. We delve

deeper into the critical factors surrounding contextual elements of citizen participation, which are crucial in vitalizing LG performance. There are numerous researches on the relationship between socioeconomic development and political participation, but the role of socioeconomic conditions to LG performance remains relatively unexplored. Our mission is to bridge this gap by thoroughly exploring the influence of contexts vis-à-vis identifying specific elements amidst the broader landscape.

We employ a mixed-method of research designs, with a particular focus on systematic and integrated strategies in LG reform. By applying qualitative methods, we investigate the outcomes of citizen participation from both positive and negative aspects. Then, we apply multivariate regression modeling analysis techniques to assess the impacts of socioeconomic factors in improving LG performance. Finally, we synthesize the findings derived from both methods and offer practical strategies for vitalizing LG performances. We believe that this book could be worthy and useful to read by both researchers and practitioners for their learning of the techniques and methodologies for applying quantitative techniques for analyzing and evaluating LG performances.

While other studies emphasize institutional aspects of citizen participation, we redirect our attention to the socioeconomic and cultural circumstances influencing citizens and governing actors' motivations. Our emphasis extends beyond institutional reform, aiming to empower citizens to hold LG officials accountable for decisions that align with their interests. We argue that achieving LG performance requires coordinated and integrated interventions on the three core aspects of LG reform: institutional aspects of citizen participation, socioeconomic development, and citizen empowerment through social mobilization.

While redesigning LG institutions remains essential, comprehensive solutions also encompass promoting socioeconomic development, deepening participatory culture, empowering citizens, fostering agency and citizenship, and enhancing LG capacity. Only through this multi-faceted approach, we can build citizens' capacity and motivation to hold governing actors accountable to citizens' demands. Although implementing these strategies may present challenges in the short-run owing to political disincentives and social pressures, they are indispensable for effectively addressing the challenges of participatory institutions. Initiatives solely concentrated on the reform of participatory institutions in weak socioeconomic and cultural contexts run the risk of negative backlash when citizens lack the capacity to influence LG decisions effectively.

We particularly focus on the comprehensive examination of three crucial aspects of LG performance—participation institutions, socioeconomic development, and citizen empowerment. Chapters 1 and 2 establish the foundation by delving into the conceptual frameworks of this book, followed by an exploration of the institutional framework of citizen participation. This is complemented by an examination of historical and institutional contexts of citizen participation in Nepal. These insights contribute to a deeper understanding of participatory contexts within LG, both in Nepal and beyond.

Chapters 3 and 4 shift the focus to the outcomes of citizen participation, exploring the effects of their involvement on local planning and accountability practices. Chapter 5 delves into the dimensions and causes of underperformance, offering profound insights into factors driving better LG performance. Finally, Chapter 6 provides conclusions and inferences, offering a comprehensive analysis of the major implications derived from the study.

PROLOGUE

The principles of democracy extend beyond the mere expansion of fundamental freedoms. Democracy is defined by virtues like civic engagement, popular participation, and public dialogue for decision-making and policy formulation. Unfortunately, the values of democracy in a changing world have been rapidly eroding. Nationalist and populist attitudes espoused by political leaders in developed countries have created a social cleavage. Likewise, increasing economic, social, and political inequalities in the developing world have dispossessed the dividends of democracy to the marginalized people. This raises crucial questions: Is democracy truly 'for' the people? Moreover, the quest for uncommon sense or so-called merit has ignored common sense or the public voice in economic policies. Technocrats' supremacy in planning and policies pays no heed to the voice of the common people. It seems that while democracy has expanded, its depth and true essence have suffered.

Periodic elections are a vital democratic process, a critical mechanism for citizens to choose their representatives, and a peaceful means of power transfer. Most countries hold general elections. People's democratic participation through the ballot takes place every 4/5 years in these countries. However, the charm of electing representatives has been fading by the day. Thus, democracy is creaking. Democracy has been tarnished by the desire to rule, rather than to serve.

Better service delivery is the linchpin to better governance, and public participation is crucial for better governance. The common denominator is public participation. In many developing countries, most of the public

services are supply driven. Citizens have no choices in goods and services. Citizens need to be empowered to make their voices heard, but no such mechanism exists to assemble citizens to communicate with officials and political leaders. Instead of managing people's expectations, politicians often perpetuate anticipations, further distancing themselves from the public. Public participation holds the government accountable. Since the public consists of various stakeholders with various views and concerns, their meaningful involvement adds value to the inclusion process. Unfortunately, public participation is often assumed to be an event rather than a process. Service delivery will only improve if the country actively solicits citizen participation and follows the process. If the country does better in delivering essential public services, improving the quality of life for ordinary citizens will be possible.

We have been living off the silver lining amid the cloud of despair. Civil Society Organizations (CSOs) and the press have recently urged the government to be transparent and accountable. The press has uncovered many misconducts and scandals in the recent past. These incidents have compelled the government not to repeat mistakes that hurt people. Nepal has successfully held two general elections after it became a democratic republic. The country has no room for inertia.

The operation of democracy depends on the effective functioning of local governments. The diffusion of political, economic, and administrative authority, along with complementary resources with minimal concurrent rights, is the appropriate way of expanding democracy at the grassroots level. The institutional distribution has been inscribed in the constitution, but the practice of federalism has yet to match the objectives of the constitution. Local governments have been formed, but they have yet to mature. As a result, a gloomy picture appears when we measure how municipalities meet

their objectives on the ground of resources vs. output. However, it is too early to infer since the provisions in the law still need to be fully implemented.

In their book: *Vitalizing Local Government Performance: Citizen Participation and Socioeconomic Development*, Ganesh Prasad Pandeya and Tatsuo Oyama shed light on the nuances of deepening democracy through local governments. Dr. Pandeya brings insightful commentary that is a blend of academia and policy practice, whereas Mr. Oyama is a cognoscenti. Their insights can be widely observed in this book, and their contribution is greatly appreciated. This book is prepared based on the research articles published in the refereed journals, focusing on the common theme of local government.

The local government system has been improving over the years. However, local governance is yet to be fully functional. The devolved authority from the central government is minimal. Functions without funds have created chaos in many municipalities. Municipalities still need to exercise decentralized functions. Assignment of responsibility alone has not ensured participation. In many cases, the objective of inclusion has yet to receive priority. The authors have delved into this issue sensibly in the paper. Several devices have been foreseen for citizen participation, but meaningful participation cannot be achieved unless the public policy is crafted through participation. The technocratic management leaves no space for participation. The authors have cited world literature on this pressing public policy issue and shown some evidence of successes and failures in garnering public support at the local level.

Faith and trust in the Government of Nepal have hit an all-time low. The archaic functioning of the bureaucracy does not favor networking governance and citizen centric service delivery. People's mistrust has been

built by red tape-ism and the mastery of political executives. However, some trust is still left for the local government because they are near to the people. Local government, therefore, is in a position to build further on this premise. Over-promising and underachievement are the perennial problems of the central government. If local governments extricate themselves from this culture of over-promising, they can prove to be better.

This book has essays with valuable evidence on what has worked in local governments and how it became possible. I congratulate the authors for delving so deeply into the agenda of accountability and participation. This book is helpful for academia and policy practitioners.

In summary, fostering public participation, ensuring functional local governance, and maintaining accountability are pivotal for Nepal's progress. The book discussed here provides valuable insights and evidence on successful strategies, making it a must-read for both academia and policy practitioners.

Bimal Koirala

16 December 2022

ACKNOWLEDGEMENTS

“तमसो मा ज्योतिर्गमय”

(O Lord! Take me from darkness to light)

We extend our heartfelt gratitude to all the contributors who played a direct or indirect role in the finalization of this book. Throughout the entire publication process, numerous reviewers, commentators, respondents, and researchers provided invaluable comments and feedback on the preliminary draft of this book. Though to numerous to mention individually, their contributions were crucial. Especial thanks are extended to all those who shared personal and professional experiences in participatory local governance, thereby adding to us and sustaining the enthusiasm necessary for producing this book. The support and confidence, particularly from individuals working in international organizations and LGs served as a strong motivator to address the gap in the field of participatory local governance through this publication.

We both authors owe a debt of gratitude to many individuals for their contributions and encouragement in writing this book. We sincerely acknowledge their support with deep appreciation. Our sincere thanks go to Nimesh Baral for his initial editing of this book and to Laurence Fenton and Shekhar Kharel for the final editing. We also express our sincere appreciation to Cambridge Scholars Publishing, an esteemed publisher, for bringing this book to publication.

We also owe a million thanks to all those mentioned here as well as the names missed inadvertently for their intellectual contributions and

professional friendship. Specifically, the first author thanks Prof. Dr. Shree Krishna Shrestha and Dr. Bimal Koirala for their unwavering support since the beginning of the research work. The author is profoundly grateful to Emeritus Professor Tatsuo OYAMA for continuous encouragement and facilitation in finalizing a tiring research project. The author is equally grateful to Prof. Tetsushi SONOBE for his powerful positive vibrations. Unconditional tribute is also paid to the late Prof. Yoichi OKITA who not only assumed the responsibility of Guru as in Eastern philosophy but also stood as a godfather figure in the entire process of completing research. The research work would not have been accomplished without the support of Dr. Chakra Pani Acharya who provided rigorous and laborious support throughout the process of finalizing this work.

The first author extends sincere thanks and gratitude to discerning intellectuals, namely Prof. TAKADA, Hirofumi; Prof. HORIE, Masahiro; Prof. SHIMOMURA, Ikuo; Prof. NAKAGAWA, Mitshuhiro; Prof. YANAGISHIMA, Koji; Prof. Katerina Petchko; Dr. Thaneshwor Bhusal; Prof. Kaliappa Kalirajan; Dr. Nirmal Kumar Raut; Dr. Govinda Prasad Sharma; Dr. Balaram Shrestha; Dr. Sushil Kanel; Dr. Dhriti Nepal; Dr. Hiramani Ghimire; Prof. Phadindra Paudel; Mr. Hari Sharma; Dr. Teertha Raj Dhakal; Dr. Ram Mainali; and Mr. Bala Ram Banjara “Osho Nirakar” for their inspirational guidance.

The first author also expresses unconditional love and respect to his mother, who tirelessly and affectionately contributed to make the former healthy and happy, and to his father who always inspired and instilled the value of education and morality for living a meaningful life. The author is thankful to his lovely wife Kaushika for being a pillar of support and contributing significantly to advance the career of former as well as for her unwavering support and understanding in navigating various challenging

aspects of family life. Special thanks are extended to their son Kenich who grew up alongside the author's PhD journey and eventually provided as a role of research assistance.

The first author would like to express his deepest gratitude to many friends, including Mr. Jeevan Shrestha who provided both guardianship and friendship while living in Japan, and to Tomofusa Migita for providing a second home in Japan, taking care of him, and offering financial support from time to time. The same feeling goes to ever generous Mahendra Baniya and Bishnu Kumari Baniya. The author also fondly remembers all the GRIPS staffs including A. Hashimoto, Asako Shimda, Karin Hellen, Kimie Rhodes, and others.

Last but not least, the first author expresses sincere gratitude, solemnly offered to the living lord Guru "Aditya". His guidance and affection provided the courage to explore the intellectual and spiritual dimensions for leading a meaningful life. Once T. S. Eliot once wisely observed, "We must not cease from exploration and the end of all our exploring will be arrive where we began and to know the place for the first time." Embracing this profound statement, we earnestly invite all the readers to offer their guidance and suggestions to improve our book. Your insights are invaluable and we always welcome your constructive input .

चैवेति ! चैवेति ! चैवेति ! (Keep Marching ! Keep Marching ! Keep Marching !).

Ganesh Prasad Pandeya

Tatsuo OYAMA

LIST OF TABLES AND FIGURES

Tables

Table 2.1	Population and Socioeconomic Status by Gender and Caste/ Ethnicity
Table 2.2	Dimensions of Social Exclusion in Nepal
Table 2.3	Basic Mechanisms of Citizen Participation in Local Governance and Development Processes in Nepal
Table 3.1	Summary of Respondents
Table 3.2	Key Demographic Features of Godamchaur and Irkhu VDCs
Table 3.3	Perceived Outcomes of Citizen Participation in Local Planning Practices
Table 3.4	Enabling and Constraining Factors of Effective Citizen Participation
Table 4.1	Perceived Outcomes of Citizen Participation in LG Accountability
Table 4.2	Number of Decisions Made by the DDCs in the Strictly Prohibited Areas
Table 5.1	Indicators of Performance Measurement in a VDC
Table 5.2	MC Results of Socially Non-mobilized and Mobilized VDCs 2011-2014
Table 5.3	Continuity of Success in MC Results 2011-2014
Table 5.4	Regional Variations in VDC Performance and their Relations with Socioeconomic Variables

Table 5.5	Summary Statistics of Explanatory Variables
Table 5.6	Logit Estimates of MC Results (MODEL-I)
Table 5.7	Ordered Logit Estimates of MC Results (MODEL-II)

Figures

Figure 1.1	An Integrated Process Model of Explaining Local Government Performance
Figure 2.1	Distribution of HDI Values across Geographical Regions 2011
Figure 2.2	The Evolution of Citizen Participation in LG in Nepal
Figure 3.1	An Integrated Framework of the Citizen Participation Process and its Effects on Local Planning
Figure 3.2	Location of Case VDCs
Figure 4.1	An Integrated Framework of Citizen Participation and its Effects on Strengthening LG Accountability
Figure 5.1	Components and Process of Social Mobilization in LG in Nepal
Figure 5.2	A Participatory Framework for LG Performance
Figure 5.3	Distribution of VDCs that Failed in MC Results
Figure 6.1	LG Performance Synergies: Citizen Participation, Socioeconomic Development, and Social Mobilization
Figure 6.2	A Reform Model: Three Domains of Vitalizing LG Performance

ACRONYMS

ADB	Asian Development Bank
APM	All Party Mechanism
CAC	Community Awareness Centre
CBS	Central Bureau of Statistics
CSO	Civil Society Organization
DDC	District Development Committee
DFID	Department for International Development
GDP	Gross Domestic Product
GoN	Government of Nepal
HDI	Human Development Index
ICAI	Independent Commission for Aid Impact
IPC	Integrated Planning Committee
LBFC	Local Body Fiscal Commission
LG	Local Government
LGAF	Local Governance and Accountability Facility
LGCDP	Local Governance and Community Development Program
LSGA	Local Self-Governance Act
MC	Minimum Conditions
MCPM	Minimum Conditions and Performance Measures
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
NPC	National Planning Commission
NPR	Nepalese Rupees

REFLECT	Regenerated Freirean Literacy through Empowering Community Techniques
SAARC	South Asian Association for Regional Cooperation
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Fund
UNFCO	United Nations Field Coordination Office
USD	United States Dollars
VDC	Village Development Committee
WB	World Bank
WFC	Ward Citizen Forum

CHAPTER ONE

VITALIZING LOCAL GOVERNMENT PERFORMANCE

1.1 Introduction

The performance of local government (LG) in developing countries has been subjected to criticism from scholars and practitioners due to its shortcomings in delivering quality goods and services. Empirical studies show that while some LGs, specifically in developed economies, have made significant progress in improving LG performance, many others continue to struggle with the problems of underperformance, thereby failing to make a positive impact on ensuring quality public services and improving citizens' lives (Mansuri & Rao, 2013; World Bank, 2017). Citizens often complain about low-quality services, inadequate planning systems, poor infrastructures, low responsiveness rates, rampant corruption, and the like. To address these challenges, over the past 50 years, governments around the world, including Nepal, have undertaken initiatives emphasizing the importance of participatory approaches to LG reform.

While the available evidence for improving LG performance is myriad and complex, recent empirical literature from around the world suggests that three sets of variables, among others, play an important role in both explaining the problems of underperformance and vitalizing LG performance through participatory approaches. These variables are: institutional provisions for promoting citizen participation (Agarwal, 2010;

Baiocchi, 2003; Mansuri & Rao, 2013), state of socioeconomic development of a particular community (Dahl & Tufte, 1973; Finkel, 2002; Fung & Wright, 2003), and the degree of citizen empowerment facilitated by social mobilization process (Fukuyama, 2001; Putnam, 1993; Sheely, 2015). Scholars from various disciplines, including sociology, political science, and public administration, have emphasized the significance of these factors in explaining why some LGs perform better than others (Agarwal, 2010; Baiocchi, 2003; Box, 1998; Neshkova & Guo, 2011; Yang & Pandey, 2011). Despite the extensive knowledge we have gained, there remains a significant gap in understanding the effects of these factors on improving LG performance.

This book aims to contribute to bridging this gap, taking Nepal as a case. Its main objective is to examine the effects of citizen participation, socioeconomic development, and social mobilization on improving LG performance. In evaluating the enhancement of LG performance, we employed a mixed-method research design to assess two pivotal responsibilities of LG, namely, LG planning and LG accountability. LG planning entails the comprehensive system and process of local planning and budgeting aimed at elevating the living standards of the community. LG accountability encompasses a commitment to a transparent and responsible system of governance that fosters a culture of integrity and accountability within the organization. These two aspects of LG are expected to cover the holistic performance aspects of LG for improving service delivery and promoting good governance.

We believe this book stands as a pioneering effort, providing a comprehensive assessment of opportunities and challenges of LG performance in the developing world. The case of Nepal holds particular significance, given the country's simultaneous initiation of democratization

and decentralization in the early 1990s. Subsequent reform initiatives have incrementally delegated more power and resources to LG, rendering them functional and autonomous in their pursuit of promoting responsiveness and accountability to the general citizens.

We strongly believe that LG performance is intricately tied to the extent of citizen participation, the state of socioeconomic development, and the degree of citizen empowerment facilitated by social mobilization. Reforming any singular aspect of LG proves incomplete, given the interconnected and interdependent nature of all three components. Reforming LG institutions for promoting citizen participation holds the potential to bring about positive, albeit modest, changes in improving LG performance. However, it can, in certain contexts, yield negative outcomes, such as exclusions, tokenistic participation, clientelism, and captures. The outcomes of citizen participation are notably shaped by the present conditions of socioeconomic development and the degree of citizen empowerment. Therefore, to improve LG performance, a comprehensive approach necessitates coordinated interventions in the realms of citizen participation, socioeconomic development, and citizen empowerment.

This book is primarily grounded in recent research papers published in refereed journals (Pandeya, 2015; Pandeya, Horie, & Wescott, 2016; Pandeya & Oyama, 2019a; Pandeya & Oyama, 2019b; Pandeya, Oyama, & Acharya, 2022; Pandeya & Shrestha, 2016). Its broader objective is to examine and explore how and why citizen participation, socioeconomic development, and citizen empowerment can contribute to vitalize LG performance. We employ mixed-methods of research designs. We qualitatively explore how citizen participation influences the performance of LG in terms of local planning and accountability practices. We also quantitatively assess how levels of socioeconomic development and citizen

empowerment influence LG performance, while controlling for the effects of other key variables.

The book particularly focuses on the theme of LG performance, measured through the key aspects of local planning and accountability practices. In addition to examining the processes and outcomes of citizen participation in LG performance, special emphasis is placed on exploring the implications of socioeconomic development and citizen empowerment through mobilization in LG performance. These latter two factors are deemed crucial for promoting LG performance, given their capacity to empower citizen, particularly the poor and disadvantaged, and enhance their agency in influencing LG decision-making processes.

Following this introductory section, the next section provides a brief literature review, explaining the role of the key variables to develop a study framework. Section three elaborates on research methodologies and approaches employed. The final section presents a brief outline of each chapter of the book, highlighting the processes and key findings.

1.2 Study Framework

Literature explaining the performance of LG is still in an evolving stage. A brief review of available literature on public administration, political science, and sociology suggests that the current state of knowledge is yet to clarify the factors that contribute to improve LG performance, particularly in the contexts of developing countries (King, Feltey, & Susel, 1998; Verba, Schlozman, & Brady, 1995; Yang & Pandey, 2011). There is an emerging consensus in the literature, however, that understanding the role and effects of citizen participation, socioeconomic development, and citizen empowerment is crucial for both improving public performance as well as explaining performance variance (Fung & Wright, 2003; Putnam, 1993;