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The Evolution of Local Participatory Democracy in Nepal

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Abstract

Nepal is, according to its constitution, among the world's most decentralized countries, with a long and complex tradition of local-level public participation. This paper traces the evolution of Nepal's modern participatory institutions, examining the extent to which they are "induced" by external interventions versus being "organically" rooted in indigenous practices. The paper identifies three broad phases: an initial focus on participation in project implementation; a subsequent phase that expanded citizen engagement; and a third phase of citizen empowerment, culminating in the 2015 federal constitution, which granted unprecedented local autonomy. The analysis yields five key findings. First, over the past 50 years, successive reforms have progressively expanded opportunities for citizens to influence local decision-making. Second, these reforms have integrated traditional participatory mechanisms into formal institutions of local government. Third, although central-level initiatives exist, most participatory platforms continue to operate at the local level. Fourth, the federal constitution has created a new landscape of local democracy, embedding autonomy and accountability. Fifth, although they are still valued in many ethnic and territorial communities, traditional participatory practices are gradually disappearing. The paper concludes by offering policy recommendations to help donor agencies and governments strengthen Nepal's democratic trajectory. It argues that effective interventions should build on Nepal's deep participatory traditions while recognizing the constitutional reality of far-reaching local autonomy.

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The Evolution of Local Participatory Democracy in Nepal[1]

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1. Introduction

Nepal is one of the most decentralized countries in the world, with a long and complex history of public participation in local governance, originating in various religious, ethnic and other cultural traditions, and adapted by both modern-day authoritarian and democratic regimes. Varieties of public participation can now be seen across formal and informal institutions (Bhusal, 2018), local and upper-level governments (Stiller & Yadav, 1979; Tandon, 2025), ethnic and territorial domains (Hachhethu, 2023), political and administrative apparatus (Dharamdasani, 1984; Dahal, 2006) and across several policy areas such as community forestry (Ojha et al. 2009), public health (Regmi et al. 2010), and education (Carney and Bista, 2009). This paper explores the traditions and trajectories of public participation in Nepal, with a particular focus on the period following the end of the feudal Rana dynasty in the late 1940s. In this paper, we conceptualize public participation as a process for citizens to participate in democratic, developmental, and governance mechanisms, including through community development and decentralization.

Nepal was originally established around 250 years ago following the Gorkhali conquest of the Kathmandu Valley (1768-69). Since then, and up until 1951, it was under the feudal authoritarian rule of a monarch (the Shahs) or a hereditary oligarchy (the Ranas). In 1951, Nepal enacted a (hybrid) democratic constitution, which would be the first of seven different constitutions implemented over the coming seven decades. Each constitution established a more expansive and inclusive version of democracy than its predecessors, despite shortcomings. The democratic ideals articulated in these constitutions can be categorized into three broad types of political systems: multiparty political system (1950-59 and 1990-2008), panchayat political system (1960-1990), and federal political system (2008 onward) (Bhusal, 2023a). Despite these differences, participatory, and deliberative democratic principles, methods, aims and institutions operated mostly at the local and subnational levels.

The focus on participatory local democracy was reinvigorated and incorporated into the federal constitution of 2015, which includes provisions about autonomous local governments, constitutionally guaranteed power and resources, and electoral representative democracy. Although federalism was introduced in Nepal as part of its conflict resolution strategy (Thapa and Sharma, 2011; Payne and Breen, 2022), the revitalization of local democracy under the federal constitution was widely considered as the most effective instrument for advancing democracy (Hachhethu, 2023). Dozens of subsequent legal and institutional reforms consistent with the federal constitution have made local democracy more conducive to participatory policy making, implementation, and service delivery (Bhusal, 2023b). Gauging the efficacy of these reforms is not the aim of this research; our concern is to examine the institutional design of these local participatory initiatives. In particular, we examine Nepal's formal and local participatory mechanisms to understand their potential linkages to similar traditional practices. In doing so, we attempt to increase knowledge about the extent to which modern-day participatory practices have inherited, influenced or otherwise impacted traditional and customary participatory practices available across different territorial localities and ethnic communities.

We argue that while the Local Government Act of 2017 (which followed the 2015 constitution) provides an unprecedented level of political, administrative, and fiscal autonomy coupled with funding possibilities for local governments, Nepal's modern local participatory institutions and processes, in both rural and urban

areas, do not sufficiently incorporate traditional modalities and ideals (Bhusal and Acharya, 2024). We argue that popular participatory traditions in ethnic communities and territories are relatively neglected in the design and practice of local-level participatory mechanisms. In practice, most local governments in Nepal follow formal norms of participatory development – primarily derived from Western research and practice - that are typically concerned with collecting public views on local public policies, generating citizens' demands for local public services, and discussing municipal policy and programmatic implications (Bhusal and Pandeya 2023).

The paper is presented in seven sections. After this introduction, in section 2, we explore participatory traditions in Nepal to understand their implications for modern-day local participatory mechanisms. In section 3, we review Nepal's democratic reforms as reflected in its constitutional developments over the past seven decades, from which we derive a framework of three phases of public participation in Nepal. We then turn our focus to the second phase of public participation (section 4) covering the decentralization initiatives that primarily began in the early 1980s. Section 5 focuses on the third phase – citizen empowerment – which links to the federalization of state machinery since the downfall of the monarchy in 2006. In section 6 we present a summary of our findings. We base our analysis on our main research question: to what extent do modern participatory institutions in Nepal build on traditional and customary participatory practices? We conclude the paper by providing our reform recommendations and a future research agenda.

2. Participatory traditions in Nepal

Nepal is ethnically and geographically diverse. It comprises 142 different ethnic groups, 124 languages, and 10 religions (National Statistics Office, 2023). There is no majority group; however, high-caste hill Hindus (Bahun and Chhetri 'Pahadis'), along with some Newari, are politically and economically dominant despite comprising only around 28% of the population. Among those 142 ethnic groups, seven are large (over 1%), 52 claim indigeneity (Janajatis), and a significant proportion (around 20%) identify as Madhesis, generally referring to Hindu caste groups from the plain areas ('the Terai') (Breen 2018, p. 60). Many of the participatory traditions are distinct across ethnic groups.

There have been three key dominant political dynasties. The Licchhabi (464-733 AD) and Malla (1207-1538) dynasties preceded the establishment of the Nepali State, while the Shah/Rana dynasty (1723-2006) straddled it. Each featured a unique and religiously motivated landscape of public participation. The Indian sub-continent has a centuries long history of local participatory government (George, Rao and Sharan, 2024). When public participation began to be formalized in Nepal, the initial ideas were drawn from these (mostly) Hindu-based religious practices and applied to developmental works. Other distinct ethnic traditions – some rooted in Buddhism – also contributed. The developmental works were principally carried out at the local level by local authorities. These authorities represented the central government. Hence, the participatory local programs were designed at the center primarily to ensure that stakeholders participate in the implementation (and not necessarily in the formulation) stages of local projects or developmental programs.

After the introduction of democracy in the 1950s, participation in the implementation of developmental programs continued, but was varied by successive constitutional and legislative changes. When the constitutions incorporated 'liberal democracy' as the fundamental guiding principle of governance, participatory avenues and the right to participate were enlarged. However, when representative democracy was imposed through the adoption of a first-past-the-post electoral system, the public became passive spectators while elite politicians and powerful bureaucrats set up rules of participation which obstructed organic participatory practices.

The 1950s landscape of public participation was characterized by community-based activities where local elites would determine who, when and how ordinary people should assemble. The elites would represent high-caste Bahuns/Bramhins and powerful Chhetris/Kshetriyas, whose economic strength surpassed the wealth of other elites. In communities without Bahun/Brahmin and Chhetri/Kshetriyas elites, members of the relevant ethnic group(s) would participate instead. Participatory practices thus varied across localities and communities and had varying degrees of impact on the relevant local authority.

Notwithstanding, in almost all the local governments established after 1951, Panchayats were established as the main vehicle for participatory decision-making. Panchayats comprised five persons – known as Pancha – appointed by higher authorities (mostly administrators) linked with the royal families in Kathmandu. The Panchayats operated as a local government authority in each geographic and ethnic territory. This new 'local democracy' was participatory to the extent that the Panchas were members of the local community vested with decision-making powers, but the structure was elitist and not inclusive. In other words, the initial years of local democracy provided basic concepts of participatory decision-making at the local level, but they were not very participatory or democratic, given the extent of domination by (political and economic) elites.

With the dismantling of liberal democracy in 1959, democratic values declined. Nevertheless, participatory ideals were maintained in subsequent political systems and constitutions, and - in some - they were reinvigorated and enhanced. Our review of historical documents indicates that while such institutions and processes were generally not contested by local communities – perhaps due to the suppressive nature of the contemporary regime, we believe that traditional knowledge and conventional practices of participatory decision-making were largely neglected in the design and operationalization of participatory local democratic practices,

3. Participatory local democracy in different constitutions

Nepal has had seven different constitutions since the establishment of the modern state in 1948. Each constitution established a unique political system, but without necessarily incorporating any participatory innovations (Khanal et al. 2005). Instead, they either continued or refurbished the participatory practices within their predecessor institutions. Each constitution affirmed the commitment to guarantee *inter alia* human rights, democratic principles, non-discriminatory adult franchise, rule of law, and the separation of powers between the legislative, executive and judiciary wings of government, with appropriate checks and

balances. Further, public participation was a ubiquitous aim of all of Nepal's constitutions, as indicated by their preambles.

Three key phases of public participation can be traced in these seven constitutions (Table 1). The first is 'public participation' itself. Almost all constitutions stated that the public deserves to participate in the public decision-making apparatus, though earlier constitutions were ambiguous when defining participatory methodologies. In fact, during this period, public participation was taken to mean the engagement of ordinary people in the implementation of small-scale, government-owned, construction-centric, local-level projects. This interpretation persisted until 1980 (Dhungel et al. 2011) and was incorporated into the Constitution of Nepal (1948), the Interim Constitution of Nepal (1951), the Constitution of the Kingdom of Nepal (1959), and the Constitution of Nepal: with amendments (1962).

The second phase of public participation encompassed the concept of 'citizen engagement.' Although citizen engagement was mentioned in the Constitution of Nepal (1962), it was not until a referendum in 1980 that there was the impetus to reframe, expand, and thus revitalize citizen engagement programs at the local level (Phadnis 1981; Dharamdasani 1984). The Decentralisation Act (1982), which was promulgated in response to the referendum results, can be considered as the starting point from which Nepal's participatory initiatives began to become citizen-centric, with greater emphasis on 'engaging citizens' in almost all the steps of decision-making at the local level: agenda setting, development of alternatives, selection of best alternative, and to some extent, influencing decision-making. Citizen engagement programs expanded across a few policy areas such as health and forestry. However, they were exercised primarily at the local level and remained confined to small-scale programs with negligible acknowledgement of the available participatory traditions.

The third phase of public participation can be characterized as 'citizen empowerment.' This ideal can be clearly seen in all three constitutions promulgated from 1990: the Constitution of the Kingdom of Nepal (1990), the Interim Constitution of Nepal (2007), and the Constitution of Nepal (2015). In the early years of the reintroduction of parliamentary democracy in 1990, participatory governance initiatives adopted empowerment as a key principle and were devised to be mostly implemented at the local level across wider platforms (Bhusal 2018) and policy areas (see e.g. Parajuli 2007; Hobley and Malla 2022). Most, if not all, efforts at public participation were transformed by the idea that participation could be induced and that citizens could 'learn to participate' by 'participating'. The preamble to the Constitution of the Kingdom of Nepal (1990), clearly indicated that the aim of the parliamentary democracy was to foster liberal representative democracy 'with maximum possible participation of ordinary people' in public decision-making processes. Citizen empowerment was also the fundamental driving force behind comprehensive and fringe public sector reforms (Khanal et al. 2005) initiated in the 1990s, although many of such initiatives could not sustain for long. In particular, the Local Self-Government Act (1999) offered spaces at the local level where ordinary citizens would participate by exploring and developing their own localized policy preferences, influencing local officials (elected and appointed), and thereby building their capacity to empower participation (Adhikari 2006). While the Interim Constitution of Nepal (2007) struggled to manage local governments by appointed supervisory officials, the most recent constitution (2015) further invigorates such empowered spaces for public participation through federalism, by the clear transmission of previously celebrated participatory spaces to newly created local government jurisdictions (Bhusal and

Pandeya 2021). Table 1 provides an overview of the key participatory features in each constitution, categorized according to the applicable phase of public participation.

Table 1: Public participation in different constitutions

Phase	Constitutions	Key features for public participation
Public participation	The Constitution of Nepal (1948), the Interim Constitution of Nepal (1951), the Constitution of the Kingdom of Nepal (1959), and the Constitution of Nepal: with amendments (1962)	• Attending government-owned, project-specific, and local-level participatory platforms • People as spectators of local decisions, local elites and bureaucrats play key roles • Ordinary people involved in the implementation of developmental programs
Citizen engagement	The Constitution of Nepal: with amendments (1962), The Constitution of the Kingdom of Nepal (1990)	• Participation in developing local development programs, but with limited capacity to influence decision-makers • Engagement in all steps of local policymaking, yet the key roles were not given to ordinary people
Citizen empowerment	The Constitution of the Kingdom of Nepal (1990), the Interim Constitution of Nepal (2007), and the Constitution of Nepal (2015)	• Democratic spirit in participatory institutions • Empowering participants to make decisions • Self-enforcing democratic accountability

Source: Authors' construction based on the analysis of Nepal's constitutions (1947-2015).

While each constitution incorporated public participation as its objective, variances were evident in terms of implementation modalities. Two distinct yet interrelated modalities of public participation can be distinguished: electoral and non-electoral. The earliest efforts to offer participation opportunities were concentrated toward the non-electoral modality. By the end of 1950s, participatory practices seemed to have been transformed towards an electoral modality, which meant that more traditional and organic methods of public participation began to decline. However, with the promulgation of the Panchayat constitution in 1962, participatory institutions and processes reverted to the non-electoral modality. Constitutional reforms after 1990 brought both electoral and non-electoral modalities of public participation into the foreground, thereby enhancing the extent of 'citizen empowerment.'

4. Participation in development planning – the citizen engagement phase

The first phase of public participation (described in Section 2) was focused on implementation of development projects at the local level. The second phase was distinguished by its focus on engagement in the planning process. This enabled the public to be involved in the design of development and other projects, instead of just their implementation.

4.1. Democratic decentralization reforms

The Decentralization Act (1982) marked the beginning of this citizen engagement phase. The decentralization reforms were carried out by the Panchayati rulers in response to public pressure to introduce democratic values. One outcome was the introduction of the participatory planning process (see details in section 4.2 below), which was a participatory local governance instrument for formulating annual and periodic local developmental plans and resource mobilization strategies. Its success in bringing ordinary people into the local decision-making process led to the government making it mandatory. A Ministry of Local Development was established at the central level to supervise the expansion of the participatory planning process across all local government jurisdictions.

In the development sector, additional forms of participation in project planning and implementation were introduced. Integrated Rural Development Plans, which had traditionally been designed and implemented by donor agencies and expatriates, began to emphasize public participation as one of their prerequisites (Ojha and Adhikari 1982). Local citizens were required to be informed in advance and offered suitable opportunities to get involved in both planning and implementation stages. Local authorities were allocated, with some increased budget, frameworks for using local resources and institutions for implementing participatory projects. However, it is unclear whether these resources were sufficient (Gurung 2006).

There was also a significant revival of civil society, bolstered by the opening of access to political decision-making through the decentralization reforms, international developments contributing to the entry of communist movements into broader democracy movements, and a resurgence of those movements culminating in the 1990 democratic constitution (Baral 2006). The 1980s saw the establishment of open forums for discussion of democratic, civic and human rights, and the proliferation of occupational and civil society groups (Hachhethu 2006). This revival laid the groundwork for the rapid increases in public participation and growth of NGOs in the 1990s and beyond. However, because political parties were banned, the growth of civil society was hampered by a blurring of its distinction from other kinds of political organization - 'most forums and professional organizations of the 1980s were civil in name but political (Panchayati) in objective' (Hachhethu 2006, p. 122).

Further, Bienen et al. (1990) showed how decentralization had manifested as a battle between elite factions for control over resources, rather than a democratic practice. '"Local" participation is still a participation controlled by those who are better off and by government employees' (Bienen et al. 1990, p 64). Village and District Panchayat members lacked information, project committees did not meet regularly and participation in meetings was minimal. There was also a strict hierarchy among Panchayats, such that higher level Panchayats could overrule lower-level Panchayats, thereby minimizing the influence and effect of

local-level participation that did not accord with the wishes or priorities of the elite. The local Panchayat members rarely questioned officials or held them accountable (Bienen et al. 1989, p. 438).

Institutional capacity constraints were cited as one of the main reasons for the failure of the decentralization program in the 1980s. One survey of Local Development Officers (LDOs) concluded that only 20% of Ward Assemblies could produce a local development plan, increasing to 51% for Village Panchayats and 74% for District Panchayats (Bienen et al. 1989, p. 440). The LDOs also reported a nearly complete failure of Ward and Village Assemblies to prioritize projects, which was one of the key planning tasks. Of course, this 'skepticism' was itself one of the challenges facing local Panchayat members and their participatory ideals, but at the same time, it was not unfounded. As argued by Baral (2006, p. 15). 'Participatory democracy is incomplete without wholeheartedly developing local institutions.' But whatever the shortcomings of this participatory regime, it laid down the path for bringing public participation in Nepal into the 21st century, and the building of a new phase of 'citizen engagement' (see Section 5).

4.2. Participatory planning as an annual local government process

The participatory planning process is an annual local decision-making process through which local governments have been articulating the presence and voice of ordinary people in their annual handbooks of policy and budgets. As mentioned above, the Decentralisation Act (1982) established a baseline for the participatory planning process, which has been gradually linked with core decision-making apparatus, such as local councils. The Local Self Governance Act (1999) in turn created an obligation for all local bodies (the term local government was not used in the relevant legislation) to go through the annual participatory planning process to prepare their annual policy and budget handbooks. Any expenditure not mentioned in the annual handbook would be regarded as an irregular activity by oversight agencies, such as the Office of Auditor General, and so the planning process was enforced diligently (Acharya and Zafarullah 2022).

The Local Self Governance Act (1999) has since been replaced with a new Local Government Act (2017), under the recent federal constitution (promogulated in 2015), which maintains the obligation for an annual participatory planning process. This planning process generally incorporates three key stages (formalization, deliberation, and decision-making) with nine interrelated sequential activities (Table 2). While the three stages are recommended in the national guidelines, individual local governments have the capacity to amend the activities listed in Table 2. The formalization stage (Stage 1) involves the formulation of a municipal macroeconomic framework that includes economic and social targets, and revenue and expenditure forecasts, which provide the policy and budgetary guidelines to sub-municipal entities. Completion of these activities requires consultation with provincial and federal ministries of finance and the planning commissions of the respective governments to make sure that local governments follow a policy making pathway.

The second stage is steered by sub-municipal entities, such as Ward Committees, and involves deliberative activities in communities. Although Ward Committees are given relative independence in terms of designing deliberative activities, there seems to be a common pattern across all local governments in Nepal in that that three distinct types of deliberative forums are pervasive: informal, semi-formal, and formal (Bhusal 2018). The third stage focuses on translating the public voice explored in the deliberative forums into actual decisions. The executive committee of the local government – lead by the mayor – is the leading

institution for translating the public views expressed in deliberative forums. Finally, the translated voices of ordinary people are formalized by the local councils/assemblies.

Table 2: The participatory planning process at the local level

Stage 1 (formalization)	Stage 2 (public deliberation)	Stage 3 (decision-making)
Activity 1 Local governments get policy, program and budgetary guidelines from federal and provincial governments	Activity 4 Proposals are shortlisted, prioritised and submitted to the Ward Committees	Activity 7 The municipal executive condenses all the ward-level proposals and scrutinizes against its policy, program and budgetary guidelines
Activity 2 Analysis of resources, policy and program needs and external commitments	Activity 5 Ward Bhèla is organized to deliberate the proposals	Activity 8 The council/assembly deliberates the valid proposals (with experts and policy specific committees)
Activity 3 Community consultations with ordinary people in communities	Activity 6 Ward-level proposals are prepared, shortlisted and prioritized	Activity 9 The council/assembly approves the annual policy, program and budget handbook

Source: based on the Planning and Budgeting Guidelines for Local Governments (2017)

4.3. National Planning Process as a bottom-up mechanism of public participation

Public participation was also incorporated into the national planning process, albeit at the local level. Nepal has been experimenting with 'national development plans' since 1956 and to date, a total of 15 periodic development plans have been developed. There are mixed impressions of their success, achievements, and relevance (Wildavsky 1972; National Planning Commission 1992, 2021). However, the national planning process has established a routinised, disciplined and predictable process to formulate periodic policies to development that adequately encompass subnational governments.

Formulation of national development plans follows a very specific, timebound and participatory approach. Specific in the sense of 'vision', i.e., to graduate Nepal from a least developed country to a developing country; timebound refers either three or five years; and participatory means it follows a bottom-up process. Supplementary processes, such as the projection of mid-term expenditure frameworks and annual planning

processes at the provincial and local level, match the targets set out in the national development plans. It is in this way that Nepal's planning process is a 'national process' encompassing each level of government.

A popular 14-step process was introduced to ensure that citizens are given ample opportunities in the making of a national development plan (National Planning Commission 1997). The original national planning process placed community-based deliberations at the lowest step, to gather raw information on developmental demands expressed by ordinary people (Thapa 2013). Local governments were placed in the middle of the process, which would ensure the transmission of official needs. A national development council at the top was responsible for the final approval of policy contents, funding projections and institutional mechanisms to implement the national development plan (Bhusal and Pandeya 2021).

The idea behind public participation in the national planning process was to ensure 'participation in development' (Gurung 2006). People in communities participated in the planning process not to claim their democratic rights but to raise what they believed to be their 'developmental needs'. When local governments did not adequately respond to these needs, the issues would attract the attention of the District Development Committees (DDCs) where the probability of a response was higher (Adhikari 2006). If the DDCs also failed to respond, public demands were escalated through the community-based deliberative forums of the planning process and reached the National Development Council (NDC).

4.4. Tole Lane Organizations as community-based participatory platforms

The fourth key element of this citizen engagement phase of public participation was the Tole Lane Organizations (TLOs). They were first introduced in the 1990s as part of a United Nations Development Programme (UNDP) funded project called the Rural Urban Partnership Program (RUPP) across 16 selected municipalities in the 1990s. It aimed to bridge communities and local governments through the modernization and formalization of existing community-based organizations (CBOs) (Momen 2009, Bhusal, 2023a). We do not have sufficient evidence to claim that these organizations were capable of incorporating traditional knowledge on public participation, but many local governments incorporated more conventional modalities of public participation such as registration of TLOs in municipalities, utilization of TLOs in implementing small-scale developmental programs, and articulation of public opinions on municipal policies and programs (see, for instance, Butwal Sub-Metropolitan City 2018).

The TLOs, which continue to be used today, are non-political and were established to cover specific geographical or residential territories (equivalent to suburbs or neighborhoods). TLOs are meant to include at least one representative from each household. They generally organize their general assemblies and select their executive bodies every two years. TLOs have been empowered in many municipalities with functions and finances for *inter alia* implementing small-scale developmental programs in their respective neighborhoods (Butwal Sub-Metropolitan City, 2018). Many TLOs have also inherited participatory traditions from their localities and communities. However, the extent remains unclear (Huntington, Evans, and Malla 1999).

Figure 1 summarizes the structure of TLOs, based on Butwal sub-metropolitan city, and shows how TLOs were designed to complement local government structures. In the middle of the figure is the mainstream

local government structure. Local governments in Nepal have two basic levels, a municipal or village level, and a ward level. Ward Committees are the most basic sub-municipal entities. They consist of five elected officials and a few appointed staff.

Figure 1. Organizational structure of the Butwal sub-metropolitan city (2002-2016)

Source: Illustrated based on documents and observation. (Bhusal 2018, p. 40)

During the period when there were no elected local governments (2002 to 2016), the domain of elected officials was temporarily handed over to appointed officials. Ward Committees enjoyed some form of autonomy in organizing deliberations and mobilizing communities, but were otherwise accountable downward to communities, and upward to the executive board of the municipality. The TLOs Coordination Committees – Ward level (TLOCC-W) operated alongside the local government Ward Committees and supported the appointed officials in performing their ward-level functions. The Ward Citizens Forums (WCFs), a similar CBO, were formed by the central government to ensure the participation of socially marginalized communities. While WCFs were popular in those local government areas where TLOs were not adequately institutionalized, they were adversely politicized and therefore terminated before their maturity (Byrne and Shrestha 2014).

The Integrated Planning Formulation Committee (IPFC), which used to be dominated by the TLOs Coordination Committee – Municipal level (TLOCC-M), was designed to be a dedicated formal organization in all local governments. The TLOCC-Ms were formed by the chairpersons of TLOCC-Ws with municipal level chairpersons selected by those members. The IPFCs were led by the Chief Executive Officer of the concerned local government and most members were chairpersons of the TLOCC-W. However, several other individuals representing a range of political and non-political organizations would also participate in IPFC meetings. A key function of IPFCs was to translate draft proposals prepared by

TLOCC-Ws and TLOCC-Ms into policy and budgetary programs, which were subject to the approval of the council. During non-electoral period of local governance, the Chief Executive Officer worked as a single-person local council.

During this non-electoral period, TLOs became increasingly recognized and acknowledged for their role in making local public policies, implementing small-scale developmental programs, and cooperating with local government authorities to deliver local public services (Bhusal 2018). Some local governments structured the TLOs in a way that the local government organizational structure would adjust with that of the TLOs (for example, Butwal Sub-Metropolitan City 2014) (Figure 1). While the proponents of electoral local democracy tended to criticize the design of the TLOs, because such a structure would eventually alter the usual, legal and established local government structure (Byrne and Shrestha 2014), the contribution of TLOs in strengthening ties between ordinary people and local authorities was significant.

Further, most of the institutional design, functions, and utility of TLOs have been carried over to the new legislative frameworks under the 2015 federal constitution. The Local Government Act (2017) requires local governments to form TLOs covering all households and must go through these TLOs during the annual planning process and when implementing small-scale programs. This legislative basis provides TLOs with a key role in organizing participatory activities in communities.

5. Federalism and public participation in governance

The Comprehensive Peace Agreement (CPA, 2006) that ended the civil war, and the subsequent development and implementation of the federal constitution (2015) heralded the next phase of public participation in Nepal, one of citizen empowerment.

5.1. Federalism and new directions in public participation

The new federal constitution is significant not just for its emphasis on local autonomy, but also for the participatory process that was used for its development. Consistent with the CPA, Nepal established a participatory constitution-making process, under the ambit of a Constituent Assembly (CA), to develop the new constitution. The CPA and subsequent Interim Constitution (2007) established certain parameters for constitution-making, but it would be the people, represented by the CA, who would decide on the final form. This was an important manifestation and acknowledgement of the participatory traditions escalated to the national level (in contrast to the usual participatory practices at the local level) of the country.

The Interim Constitution (2007), which was built on the CPA and laid the framework for a federal constitution, did not specify or require participatory processes. However, each major party had committed in their election manifestos to a participatory constitution-making process, and it was subsequently written into the rules of the CA (Khanal 2014, p 3). For example, both consultation and the accommodation of relevant suggestions from that consultation were mandated (CA Secretariat 2008). The CA rules established seven stages for the constitution-making process, of which two were clearly participatory. Following an initial preparation stage (1), public opinion on the contents of the constitution would be sought (stage 2). Thematic Committees (discussed below) would be established to prepare a preliminary draft (stage 3), which would be followed by negotiations (stage 4) and the preparation of an integrated draft (stage 5). The

sixth stage would entail more public consultation, followed by promulgation of the final constitution (Khanal 2014, pp. 10-15).

The CA established 11 Thematic Committees and three Procedural Committees, each comprising 43 members drawn from the CA (Centre for Constitutional Dialogue, 2009). It was the job of the Procedural Committees - the Public Opinion Collection and Coordination Committee, and the Committee on Civic Relations - to manage the consultation processes. They applied a variety of techniques to engage the public, including surveys, communication and education campaigns, technical consultations and by gathering public opinion on the penultimate draft constitution.

One key approach to public consultation was through the distribution of questionnaires after public meetings and deliberative forums. These forums were often led by members of the CA and submitted their outcomes directly to the CA. CA members held about 2,000 meetings overall and received over half a million completed questionnaires from individuals and organizations in their local areas (Khanal and Kushiyait 2010, p. 5). The questionnaire contained hundreds of questions covering the spectrum of constitutional considerations, from broad principles to specific technical matters (see Committee on Citizens 2009). Shakya argues that this 'bottom-up approach' to constitution making was unique to Nepal – 'In a bottom-up approach, the basic design and content of the constitution is to be sought from the public and, based on guidance and expert consultations, a draft constitution is prepared' (Shakya 2014, p. 93).

The Thematic Committees prepared preliminary drafts of each part of the constitution, based on their internal deliberations. To inform these deliberations, they studied international examples and consulted with experts and the public. The report of the Committee on the Restructuring of the State and Distribution of State Power (2010), for example, noted 127 discussions, 49 sub-committee meetings, field studies, public consultations, workshops and seminars. CA members also established cross-party caucuses that were identity-based, for example women, Dalit, Madhesi etc. The caucuses comprised about 30-40 members each and held up to twenty meetings each. They produced common concepts and recommendations. However, following the election of the second CA, the caucuses were not re-established.

The role of international development agencies in Nepal's constitution-making process requires separate scrutiny. However, we recognize that several of the multilateral and bilateral development agencies working in Nepal were involved both visibly and invisibly in the constitution-making process. For example, the UNDP established the Support to Participatory Constitution-Making in Nepal project and established a Centre for Constitutional Dialogue. It ran a series of regional 'federalism dialogues' (Sanghiya Sambad) and 'democracy dialogues'. The federalism dialogues took place in each of the CA's initially proposed 14 provinces. They involved around 60 persons each, including members of political parties, local NGOs, government officials and activists. The democracy dialogues focused on giving marginalized people a voice and usually involved around 100 participants. Various local and international NGOs also provided information and fora for participation, culminating in the formal submission of consolidated suggestions to the CA. For example, CARITAS Nepal (2009) held meetings in 39 districts of the impoverished Karnali region, consolidating outcomes as suggestions for the CA.

For all its shortcomings, the participatory process in Nepal can be considered a success. Breen (2018) found that:

> the mandated inclusion of local level deliberations combined with the inclusive CA and sequenced processes prevented the elites from consolidating (too much) power in the new federal institutions and ensured that the deliberative and participatory values were largely maintained. It contributed to more moderate positions on ethnic rights and to a more inclusive state identity. The outcome is broadly legitimate, because of the broadly inclusive process that combined representation, participation and deliberation, and in doing so, demonstrably influenced the final constitution, with final legitimation through an inclusive and representative CA.

Notwithstanding, there remain mixed views about the process. In a wide-ranging edited volume consolidating the experiences of the participatory process from a thematic perspective, Karki and Edrisinha (2014) presented a variety of perspectives, several of which are highly critical. However, this volume was completed following the failure of the first CA and before the new constitution was finalized. At this point, the process had failed as there was no constitution. Acharya (2014) extracted several lessons, some of which are relevant to the participatory process. In particular, the Thematic Committees were not led by senior leaders from the parties, which hampered their ability to reach consensus. He also argued that the process had raised people's expectations to such an extent that they could not be fulfilled, for example, promising 'that federalism would address all the country's problems' (p. 68). Shakya (2014) also derived lessons, including the need for more expert input and the formation of a public deliberation committee.

We find that, in the longer term, the new structures, the participatory traditions and the democratic experiences built through the constitution-making processes are promising for the future of democracy in Nepal. Although many political parties continue to be beset by factional and personality-based politics, participation at the local level has gained renewed importance in recent years. Modern local governments in Nepal are now directly empowered and protected by the constitution and citizens are more experienced in participating in democratic exercises and representing their interests (Bhusal and Breen 2022).

5.2. Participation and revitalized planning process at the local level

The 2015 constitution established a third tier of constitutionally protected (local) government. There are 753 local governments (comprising 460 rural municipalities and 293 urban municipalities), each empowered by the constitution according to its constitutional allocation of powers. Specifically, Schedules 8 and 9 designate 22 exclusive and 15 concurrent powers respectively, though in practice, almost all are concurrent due to the extent of overlap and precedence is given to federal legislation. Irrespectively, this constitutional empowerment provides a reinvigoration of the local level, which is the traditional place for participation a (as discussed in Sections 2 and 4). Indeed, the 2015 constitution positions local government as the key actor in the delivery of public services alongside a role in the protection of rights. By comparison, the provinces have considerably less power – they are 'sandwiched in between the federation and powerful, constitutionally enshrined local governments' (Payne and Breen 2022, p. 185).

Many people view local government as the most important tier of government. According to the Survey of the Nepali People in 2020, for instance, most Nepalis believe that local government is principally responsible for providing education, healthcare, and infrastructure maintenance (Giri, Pyakurel and Pandey 2020). According to another study, 73% of respondents agreed that local governments are 'Likely to promote inclusive participation' (The Asia Foundation 2018, p. 41-42). One reason that people hold this

view is their history of participation in local government and Panchayats. As discussed in Section 4, one of the key forms of participation has been through the planning process. The new local governance system revitalizes the planning process and places participation at the forefront. But the increasing autonomy of different levels poses a challenge to achieving a coordinated national planning process.

Until the federal constitution was enacted in 2015, the participatory planning process encompassed local government jurisdictions and national policy making. However, the new constitution obstructed this process because the relatively more autonomous local landscape narrowed the scope of the participatory planning process, thereby reducing possibilities for local governments to introduce innovative approaches to engaging citizens. Further, each level of government seems to be delinking their policy-making processes. Acharya and Bhusal (2024) argue that the provisions of intergovernmental fiscal transfer are working to bridge this otherwise widening gap across federal, provincial and local governments.

In addition, local governments remain a key institution for public participation through elected representatives. Following the 2017 election, 36,639 people were elected to serve on the 753 local governments, including at the ward level (Acharya 2018, p. 42). The new local government arrangements are also producing an 'inclusion dividend' (Payne and Breen 2022). In particular, the participation of Dalits (discriminated lower castes) and women members of local government increased because of mandatory representation requirements (DCRN 2018, pp. 27-28). However, many of those members were not given meaningful roles and lacked influence, while the often-rushed manner of planning was such that it did not provide sufficient space for wide consultation with community members (DCRN 2018, p. 24). For example, the 2018 Survey of the Nepali People (Kathmandu University et al. 2019, p. 100) found that just 13% of respondents had approached their elected representative to resolve personal or community problems, while only 7.5% were aware of any public audits taking place in their local area over the past year.

Acharya (2018, p 42) concludes that, due to several factors including accountability deficits, hierarchical structures and 'bureaucratic apathy', there was merely 'meaningless participation and too little engagement of the people from marginal sections of the community. However, there remains considerable potential for improved participation on account of the allocation of the devolution of responsibility for formulating and approving development plans and budgets.'

5.3. Reforms in civil society spaces for enhanced participation in local decision-making

The conditions for greater civil society involvement in public participation are also ripe. The 2015 constitution strengthens the basis for citizen participation by advancing civic rights and freedoms that enable greater oversight and inclusion. For example, freedom of expression and opinion, and the right to gather peacefully are specified (Article 17(2)). It lays out directive principles to *inter alia* 'strengthen a federal democratic republican system by …embracing the norms and values of …participation and social inclusion' (Article 50(1)). Indeed, a functioning civil society is essential to democracy and people's movements were integral to the 1990 and 2007 democratic and constitutional reforms.

In addition, CBOs in Nepal have long contributed to local development, especially since the democratic opening in 1990 (Pandeya, Oyama, and Acharya 2022). Local governments have increasingly been using CBOs in local development projects. This is sometimes driven by their own traditional social structures and

other times necessitated by aid conditionality. Most recently, local governments in Nepal have been working to more systematically collaborate with CBOs to promote public participation in a range of issues, from creating local public policies to carrying out small-scale development projects (Bhusal and Breen 2021).

According to Bertelsmann Stiftung (2022, p. 16):

> Associational activities have improved dramatically in the last 25 years. Networks of cooperation and mutual support are well developed along not only political party, business and alumni lines, but also along ethnic, caste and regional lines. In many localities, such organisations fill the spaces that might otherwise be filled by effectively decentralized state agencies. Interestingly, as decentralization has occurred, the local state is starting to collaborate more with local associations and even reassume some traditional state activities.'

The Government's International Development Cooperation Mobilization Policy (2019) requires CSOs to utilize international development agencies' investment only for matters of national need and priority. Among other matters, the policy requires CSOs to 'adopt participatory planning processes and coordinate with the local level' (Talcott, Khanal and Bhattarai 2019, p. 33). This assures an additional dimension of participation. Several international donors have invested in developing the citizen capacity for participation. For example, the US Aid Mutual Accountability Project aims to, *inter alia*, 'Support CSO and media engagement in promoting inclusive and accountable public services and resource use through participatory mechanisms from ward to municipal headquarters and district level' (US Aid and FHI360 Nepal 2021, p. 2).

A civil society roadmap for civil society produced for the British Council (Talcott, Khanal and Bhattarai 2019), notes a general agreement that federalism enables more participatory opportunities. However, it argues, 'Inclusive governance has been promised, for example at Provincial level, but it's not happening at local level because it's the same old politicians fighting each other for power and money' (cited in Talcott, Khanal and Bhattarai, 2019, p. 50). Such generational and cultural shifts will take time. Nevertheless, the report identifies several informal approaches to political participation that are especially effective, including loose networks, activists, youth groups and women's groups. They note that they are particularly effective when coordinated by CSOs. Importantly, the authors highlight the 'underutilized social capital' remaining from the now disbanded community awareness centers, residents' groups and ward awareness groups, which can be better harnessed and developed.

Pradhan and Roy (2018, p. 26) emphasize the 'concerted attempts… to federate the local institutions – both induced and organic – into supra-level associations.' A similar approach has been taken among the local governments themselves, such as through Municipal Association of Nepal. This type of approach is anticipated to become increasingly important in helping to embed the new federal structures and their relationships with CBOs while addressing some of the key challenges highlighted by Pradhan and Roy (2018), such as coordination, duplication and the emergence of new jurisdictional tensions and contestations.

As has been explained elsewhere, however, linking civil society space into the formal structures and processes of local governance is a challenge in Nepal, for two main reasons. Firstly, the NGO sector in

Nepal is regulated by the federal government. All NGOs need to register with the District Administration Office, a federal government entity at the local level. This means in principle that NGOs must be accountable to federal governments. Similarly, if the funding is from an INGO, then it must be approved by the I/NGO facilitation committee at the Ministry of Women, Children and the Senior Citizens of the federal government. Secondly, the local government legislation provides some space for local governments to channel the activities of NGOs, but they cannot control the associated budget. This makes coordination especially challenging (Pradhan and Roy 2018).

6. Discussion

6.1. Early influences on public participation and democracy in Nepal

The extent to which Nepal's participatory traditions have influenced modern day approaches to public participation and democracy remains heavily contested. However, we find that the party-less Panchayat political system adversely impacted the practice and availability of participatory traditions in many ethnic communities and territorial localities (Messerchmidt et al. 1983; Dharamdasani 1984). Although Panchayati leaders did not question or threaten the existence of participatory traditions, the reforms they launched did not sufficiently incorporate traditional knowledge. As a result, ordinary citizens came to believe that their participation in formal decision-making apparatus was meant to 'help authorities in implementing local government programs' rather than to 'exercise their democratic citizenship' (Smith 1984; Wildavasky 1972). Indeed, we find support for the arguments of Alderfer (1964), that Nepal's traditional, community-based, and ethnicity-influenced participatory methodologies might have been decayed, ostensibly in the name of modernization and foreign aid. We are cautious, however, to reach the conclusion that foreign aid has contributed to the decay Nepal's participatory traditions or ideals. This would require additional research to fully understand (see, for example, Khadka, 1997; Mihaly, 2965).

By the end of the 1980s, participatory practices began to be painted as 'democratically deteriorated' as many authors claimed that the Panchayati era participatory methods diminished the quality of Nepali participatory traditions (e.g. Phadnis 1981; Ojha and Adhikari 1982; Bienen et al. 1990). The Panchayati era provided formal institutional foundations to practice participatory methods, but local political elites (mostly from the upper castes) and administrative officials remained the principal actors in such methods. In sum, the Panchayati political system did not adhere to democratic principles of participatory governance (Baral 2006; Khadka 1986).

Nepali societies have nonetheless inherited participation in their community lives. Neighborhoods tend to be closely knit and seem to value community participation (Huntington, Evans, and Malla 1999) as seen in many formal mechanisms of decision-making and implementation at the local level (Momen 2009). Modern-day institutions of local democracy seem to have benefitted from such value recognition, which, to an extent, led to the creation of TLOs across all Ward Committees (Government of Nepal 2017).

Empirical evidence indicates that they mix participatory traditions (though limited) and modern-day needs to formalize participatory practices (Bhusal 2019).

Further, the Panchayati era (1960-1990) itself had a substantial influence. Most, if not all, of modern-day participatory institutions and processes evolved from participatory institutions crafted during the Panchayati regime (Dhungel et al. 2011). The Constitution of the Kingdom of Nepal (1960) mentioned that the overarching aim of the political system was to establish a grassroots democracy, through (non-political) institutions for the participation of ordinary people in decision-making. These arrangements were often portrayed as the core of the Panchayat system (Shah 1984), and we can see their continuing influence today.

6.2. Participatory local governance as a fundamental principle of local democracy

The 2015 federal constitution built on the traditions of grassroots democracy to establish participatory local governance as the fundamental principle of local democracy. Although the design of local governments in Nepal was primarily premised on the principles of electoral democracy, public participation was also given prominence. In this section we highlight five key aspects of Nepal's local democracy that are helpful in characterizing participatory local democracy.

First, local assemblies (and other elected entities) have been gradually reformed to ensure that ordinary people can find ample opportunities to participate (Bhusal and Breen 2022). The promulgation of the federal constitution enabled the proliferation of participatory avenues within the electoral institutions. These opportunities are nevertheless rooted in Nepal's participatory traditions in recognition of the limitations of electoral democracy (see Pateman 2012). Bhusal (2018) summarizes these new participatory institutions and highlights that Nepal's new local governance arrangements reflect a greater extent of participatory local democracy.

Second, many of the local-level decision-making mechanisms are designed to realize the need for the public to participate in democracy, development, and governance (Government of Nepal, 2017). On the one hand, this new design of local democracy has helped refine the formal aspects of participatory governance while giving adequate autonomy to local governments for incorporating their organic and locally available participatory traditions and pre-existing cultural practices (Bhusal & Acharya, 2024). For example, the participatory planning process was remodeled to incorporate ordinary people's participation at the community, ward and municipal levels. Similarly, sectoral subcommittees in the domains of the macroeconomic framework, monitoring and evaluation, and taxation and revenue now incorporate institutions for participatory democracy (Pandeya, Horie, and Wescott 2016).

Third, Nepal's local governance has been increasingly reshaped in accordance with the principles of collaborative governance (Bhusal 2023c). In many cases, local communities have been partnering with their local governments in the implementation of small-scale municipal programs. While the model of such partnership varies across local governments, a common element of such collaboration is that a certain proportion of financial investment and physical contribution is delivered by communities. Many of the collaborative projects across local government areas in Nepal are led by communities whose investment commitment is more than 50%. The local government's role in the implementation of such collaborative

projects is monitoring and quality control only. The involvement of communities in implementation of such programs is therefore a testament to how Nepal's local governance has become citizen centric.

Fourth, the emergence of TLOs as mandatory local government institutions has facilitated participatory and community-based local governance in Nepal. Initially, the TLOs were brought into Nepal's local governance as a foreign aid component (Huntington, Evans, and Malla 1999) with the hope that they would be able to articulate local and informal participatory traditions and translate them into more meaningful participatory institution. Although the RUPP of the UNDP in Nepal might have decayed conventional methods of participation to some extent, we find that the formalization of conventional CBOs through TLOs was a milestone in the transformation of Nepal's local representative democracy into a participatory local democracy.

Finally, the most recent local government reforms in Nepal have emphasized 'local autonomy' as the core principle of local governance. Some local governments have already demonstrated their innovativeness in (re)vitalizing their participatory practices (Bhusal and Acharya, 2024). Further, it has become evident that where TLOs are well-established, local governments have begun to utilize the maximum potential of CBOs in framing sub-municipal policies, implementing small-scale projects, and even co-working with municipal authorities to monitor the implementation of large-scale programs (see Diktel Majhuwagadhi Rupakot Municipality 2021; Gnawali 2018).

7. Conclusions

This paper provides historical context and guidance for policy making in Nepal. It examines the evolution of Nepal's modern participatory institutions and the extent to which they are rooted in historical and traditional practices. Despite Nepal's very long history of participatory democracy, culminating – with the 2015 constitution – in it becoming one of the most decentralized countries in the world, multilateral institutions and other donors have not fully adapted their policies to this context. We draw on the analysis above to distill five key findings that might be helpful in thinking about how to modify policies in a manner that is cognizant of the high degree of local government autonomy provided by the Nepali constitution, and its participatory traditions.

First, over the past 50 years, local governments have undergone gradual and comprehensive reforms, increasingly creating broad and meaningful opportunities for ordinary citizens—across diverse interests and capacities—to participate in local decision-making. Second, these reforms have transformed and integrated traditional participatory mechanisms into formal institutional frameworks. Third, most of these platforms remain embedded within local government jurisdictions. Fourth, a new landscape of local democracy has emerged under the federal constitution, granting unprecedented autonomy to local governments. These governments are well-positioned to incorporate traditional decision-making practices into participatory governance, though we find little evidence that they have actively done so. Finally, traditional forms of participatory decision-making are gradually disappearing from the local landscape, despite their continued relevance and popularity in many ethnic and territorially based communities.

Our analysis also shows that most participation in Nepal is "induced" rather than emerging organically from local participatory traditions (Mansuri and Rao, 2013). Induced participation is defined as "participation promoted through policy actions of the state and implemented by bureaucracies," including donor-funded development interventions. This externally driven model of participation—often disconnected from Nepal's historical and cultural context—currently dominates. We would argue that in Nepal more effective policies should build on its unique context – a very long history of participation and a radically decentralized constitutional structure that gives local governments and the citizens within it unprecedented autonomy. Across all phases of Nepal's participatory history, we find that formal institutions have been adapted to better accommodate ordinary people, taking into account traditional norms and the social hierarchies that shape participation. While induced participation has contributed positively by expanding platforms and reducing barriers, particularly for marginalized groups, the most effective participatory policies are those that build on existing organic traditions. Participation works best when it is embedded in, and responsive to, local cultural contexts.

Despite this context, some donor agencies and multilateral institutions seem to simply support policies that appear to be acts of "institutional monocropping" (Andrews et al, 2017), with an emphasis on centralized decision making that assumes away Nepal's high degree of local level decentralization. For policy to be consistent with Nepal's democratic trajectory this needs to be rectified.

Based on this, we offer three key practical recommendations for governments and the development community:

1. **Support Local Autonomy in Practice**: Local governments under Nepal's federal system should be encouraged—through policy incentives—and supported—through financial assistance from international donors including the World Bank—to revitalize their participatory practices. This includes empowering citizens with a more direct role in shaping decisions that affect their lives.
2. **Foster Peer Learning and Knowledge Sharing**: Provincial governments should create peer-learning environments within their regions to explore and document participatory traditions. We recommend establishing a knowledge bank of traditional practices, accessible to ethnic and territorial communities, alongside systems for cross-community learning and exchange.
3. **Reconnect Tradition with Institutional Reform**: The gap between traditional and modern participatory practices must be addressed through timely and robust local government reforms. These should include mechanisms for citizen oversight—such as public scorecards, citizen-based data systems, incentives to improve the performance of local elected officials and bureaucrats, grievance redressal systems, and robust systems of participatory planning and budgeting, especially during the annual planning process.

We are at a critical moment for Nepal, and we write this paper in the hope that it will help multilateral and bilateral donors reassess the effectiveness of Nepal's institutional framework for local democracy and for its development trajectory.

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