

CHAPTER I

INTRODUCTION

This chapter presents a brief introduction of the study, including the study context, statement of the problem, objectives of the study, definitions of key terminologies, conceptual framework, limitations of the study, research outcomes with policy implications, and rationale and organization of the study.

1.1 The Study Context

The governance situation in Nepal is at the crossroads. If we believe that the governance is a composite function of the state, civil society and the private sector (Shrestha, 2000:6), it is obviously clear that the crisis of governance in Nepal is not merely because of gross negligence and mismanagement of the state and the private sector but more importantly because of the weak civil society, who is mandated for maintaining a check and balance under the regime of technocratic government (HDR, 2001).

The constitution of the Kingdom of Nepal, 2047 (1990) guarantees that "... the source of sovereign authority of the independent and sovereign Nepal is inherent in the people..." In its article 25, the 'Directive Principles of the State' Sub-Article (1), directs, "It shall be the chief objective of the state to promote conditions of welfare on the basis of the principles of an open society, by establishing a just system in all the aspects of national life, including social, economic and political life, while at the same time protecting the lives, property and liberty of the people". And, the Sub-Article (4) suggests that "... to maintain conditions suitable to the enjoyment of the fruits of democracy through wider participation of the people in the governance of the country and by way of decentralization, and to promote general welfare by making provisions, for the protection and promotion of human rights, by maintaining tranquility and order in the society".

Many excellent provisions have been made in other Acts, Rules and Regulations formulated and enacted in Nepal after the restoration of the democratic system in 1990. These legal documents are not beyond the spirit of 'constitutionalism' as defined by Hillary Branett in his book 'Constitutional and Administrative Law (1996:3-4)... 'Constitutionalism' is an idea far more important than the idea of 'legality' that requires official conduct to be in accordance with pre-fixed legal rules. The doctrine of constitutionalism suggests: (1) Power must be exercised within legal limits and power holders must be accountable to law; (2) exercise of power must respect individual rights; (3) state power must be sufficiently dispersed to avoid abuses of power; and (4) policy formulation must be accountable".

There is no doubt that the new constitution of Nepal has many social features like; the sovereignty vested in the people, multiparty democratic system, unitary government, constitutional monarchy, a bicameral legislature comprised of the 205-seat House of Representatives (Lower House) and the 60-seat National Assembly (Upper House), an independent judiciary, a periodic national election conducted by an independent Election Commission based on adult suffrage, guarantee of fundamental rights enforceable through an independent judiciary, provisions for check and balance between legislative, judiciary and executives and so on. This constitution also helped to move the issues of good governance like; political and bureaucratic accountability, transparency and people's participation, revisable and an independent judicial system, effective and efficient public sector management, cooperation with the civil society, unfettered exercise of human rights, and freedom of expression to the forefront of Nepal's national agenda and debate (Shrestha, 2000:35).

In contrast, the implementation of such provisions seems to be very problematic. Experts argue that things are not going on as per the mandate of the sovereign people and the very spirit of the constitution of an independent and sovereign state. Pandey (2001) has said that Nepal has plenty of laws but very little rule of law. There is a legislature but it legislates less and rarely with

conviction. The executive has little time or interest in executing anything which is to the benefit or interest to the public. Moreover, we are blessed with a judiciary whose constitutional power and position is matched only by its own inability to appreciate it. "The country has no government!" (Pandey, 2001:49).

Baral (1996) has discussed the problems of governance in his book "Nepal: Problems of Governance" and summarized that the present democratic set up has some problems that often overwhelm the state apparatus which can broadly be identified as: (a) lack of positive nationalism; (b) centralized power structures and elite behavior; (c) lack of institutionalization; (d) lack of ideology; (e) crisis of confidence; and (f) international pulls and pressures.

Similarly, Guru Gharana (1996) analyzes the situation and expresses his ideas that "transparency is lacking in procurement, recruitment, awarding contracts, appointments, hiring and firing or even selling public properties such as public enterprises. The auditor General's Office reports every year on billions of unverified and irregular expenditures in all ministries, but no action have ever been taken. Good governance requires strong political commitment and a dedicated and committed leadership. The major political parties are undemocratic in character and are run by political high commands. The government's attitude still seems to be to rule the people, rather than to serve them. The media are very weak and extremely biased because of their affiliation to one or other political party. The key to accelerate development is therefore good governance and a non-corrupt and competent administration" (Guru- Gharana, 1996: 107-108).

Similarly, other elaborate literatures also depict the problems of governance in Nepal and suggest that governance is a necessary condition for all development (Shrestha, 2000:35) that ensures transparency, accountability, participation and predictability (ADB, 1999) of the state, civil society and private sector in their process of decision-making and the process by which decisions are implemented (UNDP,1997).

1.2 Statement of the Problem

Nepal has been going through a critical period since past. The country was remained largely isolated from the outside world until 1951, when the end of the Rana regime ushered in a decade of instability in which a semblance of democratic government was introduced. This was overturned in 1960, when the King Mahendra took control and introduced party-less Panchayat System. After the three decades of Panchayat era, the People's Movement succeeded in re-establishing democracy. In 1990, a new constitution was introduced and Nepal became a constitutional monarchy with a system of multi-party democracy. Rampant poverty, inequality, social exclusion and discrimination are considered to be the main reasons behind the ongoing instability, insecurity and social disorder in the country.

Since Nepal opened its borders to the modern world in 1951 and entered into an era of planned development in the year 1956, the country has exercised different models of development in the name of the upliftment of the Nepalese people. The country has spent billions of rupees in the investigation of real problems of poverty, made rigorous efforts in eradicating poverty and increasing people's active participation and ensuring people's ownership in development. Many thick reports have been prepared and submitted to the concerned authorities and many people may have been awarded with several honorary awards and medals. However, the people of Nepal have remained in the same stage, might be even in the worst condition if we compare the status of Nepal with the outside world in the 1950s. It means that many efforts made in the past could not address the problems of Nepalese people. The Nepalese government levied taxes to its innocent people in the name of providing better services, better security and better welfare protecting sovereignty and national integrity. However, the state seems to have forgotten its obligations and accountability, as the poor taxpayers have failed to get just one meal a day, a meter of cotton cloth to cover their body, a tablet of branded medicine when in high fever and guaranteed safety of their lives. It means that development

efforts made in the past have raised serious questions in managing national affairs for the benefits of the Nepalese people. This has inspired a search for appropriate strategies for bringing about changes in the fate of the Nepalese people.

Nepal's participatory resource management regime epitomizes the resurgence of the paradigm neglected for a long time. Natural resources such as water and forests have been managed by farming households as community properties. Under this, the people, who have been directly dependent on these resources, have exercised their rights by utilizing them individually as well as collectively. Even since long past, Nepalese farmers have protected forests, dug canals and irrigated their fields. Both forests and water have enriched human subsistence in the mountains and plains. However, with the emergence of a strong state vowing to play a redistributive role to the rights of the people over these resources were not only but also in many instances even taken away. Whereas the nationalization of forests in 1957 deprived the dependent community from the resources, the involvement of the state in the construction of big canals (especially after the establishment of the Department of Irrigation in 1952 and the promulgation of the irrigation Act, 1961) pushed the farmer managed irrigation system to the back burner.

However, with the commencement of participatory management regime in forests in 1978 and with the adoption of New Irrigation Policy in 1988, the user's participation in the management of natural resources is receiving importance. Active and meaningful participation of the stakeholders in decision-making and benefit sharing is becoming a key to the sustainability of natural resources. The notion that development should be weaved around the people and not vice versa is adding significance in the initiatives to strengthen the participatory management regime. With this, the role of the state has also changed from that of a prime mover to the enabler and arbiter of inner-group interest. The emergence of the concept of decentralized development adopted

in the Local Self Governance Act (LSGA), and Rules, 1999 and subsequent regulations and guidelines also reinforces this view.

Over the recent years, the users in the forests and water sectors have made tremendous inroads in the management of natural resources. The impact of community forestry in Nepalese hills is very positive. The empowerment of the local users over forest resources has not only helped in the regeneration of forests in the mountains but has also led to a significant decrease in the number of forest related offences in the districts where community forestry has been popularized (Kanel, 1996). Users have begun to see community forestry as an entry point for other development activities. Participation of users in community forestry has enhanced more economic and social interactions.

However, the participatory regime is not free from challenges. Questions galore relating to the ownership, equity, productiveness, inclusion and sustainability hinge at all stages of the development initiatives at local level. Despite the resources being managed by the local people, many weaknesses have surfaced in the management of these resources mainly due to illiteracy, poverty, ignorance, elite domination, politicization and frequent changes in policies.

Among different strategies, good governance has been considered a single most important factor for sustainable development. If we believe that more than 80% people of Nepal are living in the rural areas and directly or indirectly depend on natural resources for their livelihood; if we believe that hundreds of thousands of civil society organizations (registered or non-registered) including over 13,300 Community Forestry Groups (Kanel, 2004:2), are functioning throughout the country; if we believe that the growing Civil Society Organizations at the grass roots level are the foundation of the overall development of Nepal; and if the development experts of Nepal believe that these organizations need to be checked timely for the improved result of the development interventions in Nepal, don't we need to check whether these organizations are functioning according to the principles of good governance?

Don't we want diverse ethnic communities and big mass of people living below absolute poverty line are equally represented in the management of country's scarce resources? Don't we want over 50% women population of Nepal is proportionately involved in the process of decision making that affects their lives? Don't we believe that every citizen of Nepal is equally empowered to exercise his or her social, legal and natural rights and freedoms guaranteed by the Nepalese constitution?

If answer to all these questions is "Yes", then it becomes quite important to have a look whether these mushrooming Civil Society Organizations (CSOs) are functioning in accordance with the principles of good governance. This study has been conducted to assess the challenges of good governance in the Himalayan Buffer Zone Community Forestry User's Group (HBZCFUG) at Chaurikharka VDC of Solukhumbu district. Community Forestry has spread throughout Nepal and managing approximately 1.1 million hectares (25% of total) of forested land (Kanel, 2004). At the same time, these CFUGs are the one who are helping to sustain the reputation of community forestry programme to be a successful model of Nepal for the remaining world.

This study has made an effort to assess the overall challenges of good governance in Nepal in general and tried to seek answers of the following specific research questions:

What is governance and good governance? Who are the actors of good governance? What are the possible roles of the actors of good governance in development? What are the common elements of good governance? What is the situation of transparency, accountability, participation, and predictability in the selected civil society organization in Solukhumbu? In addition to this, the study has also made an effort to suggest what references can be obtained from the literatures and assessment of community based CSOs (CFUG's) that can be recommended to improve good governance in Nepal.

1.3 Objectives of the Study

The general objective of this research is to assess the challenges of good governance in Nepal with reference to an assessment of Himalayan Buffer Zone Community Forestry User's Group at Chaurikharka VDC in Solukhumbu district.

The specific objectives of the study include:

1. To explore an understanding on governance and good governance including its common elements, major actors and their indicative role in good governance.
2. To examine the real situation of transparency, accountability, participation, decision-making process and predictability in the CFUG

1.4. Definitions of Key Terminologies

Accountability

Accountability has been defined to mean to "the duty of public officials to report their actions to the citizens and the right of the citizens to take action against those officials whose conduct is considered unsatisfactory" (Barker, 2000:6-12). "Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders" (UNESCAP, undated). It is imperative to make public official (decision makers) answerable for government behavior and responsive to the entity from which they derive their authority. Level of accountability in the community based civil society organizations has been measured based on: i) executive committee member's actions and performance; and ii) general member's actions and performance; iii) in policy provisions and guidelines; and iv) for equitable access and effective control over resource.

Advocacy

Advocacy has been taken as a tool of good governance mostly used by the civil society organizations to influence public policy and decisions that directly or indirectly affects public life. It is pursuit of influencing outcomes-including public policy and resource allocation decisions within political, economic, and social systems and institutions – that directly affect peoples' lives. It consists of organized efforts and actions based on the reality of 'what is'. These actions seek to highlight critical issues that have been ignored and submerged to influence public attitudes and to enact and implement laws and public policies so that vision of 'What should be' in a just, decent society becomes a reality (AI).

Appreciative Inquiry

Appreciative inquiry has been taken as a technique and/or method of inquiry used to find out "what works well" in a community, group or organization through 4-D process viz. discovery, dream, design and delivery. It is related with appreciating and valuing the best of "what is"; envisioning "what might be"; dialoging "what should be" and innovating "what will be". It is based on following assumptions: i) in every society, organization, or group, something works; ii) what we focus on, becomes our realities; iii) reality is created in the moment, and there are multiple realities; iv) the act of asking questions of an organization or groups influences the group in some way; v) people have more confidence and comfort for journey to the future (the unknown) when they carry forward parts of the past; vi) if we carry parts of the past forward, they should be what is best about the past; vii) it is important to value differences; and viii) the language we use creates our reality (COMPASS, 2003: 15-9).

Civil Society Organization

Civil society Organization is taken as an actor and a vehicle for good governance to articulate people's interests and mediate their differences. Civil

society ranges from all voluntary associations, global community organizations, cultural and research institutions, as well as representative bodies of the private enterprises and business sectors to the sphere of social interaction which lies between the economy (market) and the state, composed above all of the intimate sphere (especially the family), the sphere of associations (especially voluntary associations), social movements and forms of public communication" to a set of organizations that are referred to as "non-profit" or civil society organizations (USAID, 2000a: 21).

Community Forest

Community Forest is defined as "(a portion of) National Forest handed over to a users' group for its development, protection, and utilization for collective benefits" (Forests Act, 1993:3). Key criteria envisaged in the Act to be met for handing over of National Forests to the local communities include: "i) local people's traditional use rights to be confirmed in order to identify the real users, ii) confirmation of users' willingness to take over the forest, and iii) examination of users' capacity, (if necessary, building up users' technical as well as institutional capacity) for managing forests collectively" (Pokharel, 2000:173).

Gender and Gender Equality

'Gender' is defined as the economic, social, political and cultural attributes associated with being male and female. Gender equality 'is defined as the full and equal participation of women and men in civil, cultural, economic, political and social life at the local, national and international levels. Gender equality has significant development implication for reasons having to do with both efficiency and equality.

Good Governance:

Good Governance is defined as the ideals of decision-making process and the process by which decisions are implemented in a country or a community. It

comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences' (Aus-AID, 2000:3). The major elements determining the quality of governing process are accountability, participation, predictability, and transparency (ADB & USAID).

Governance

Governance is defined as the process of decision-making and the process by which decisions are implemented (UNESCAP). It refers to the manner in which power is exercised in the management of a country's economic, environmental and social resources (USAID, 2000b:23).

Institution

An institution is defined as a relatively permanent structure of social patterns of roles and relations that people enact in certain sanctioned and unified ways for the purpose of satisfying basic social needs (Fitcher in Chitambar, 1993:169-70). Institutions or organized systems of behavior differ from organizations, or organized groups of people. There are five basic institutions in both rural and urban society: the family, religion, the economy, government and education. Similarly, institution is used to describe social practices that are regularly and continuously repeated, are sanctioned and maintained by social norms, and have a major significance in the social structure (Abercrombie, et al., 1994:216).

Participation

Participation has been defined to mean that either all men and women should have a voice in decision-making, directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively (UNDP, 1997). It believes that people are not only the ultimate beneficiaries of development, but are also the agents of development. At the

grassroots level, participation implies that government structures are flexible enough to offer beneficiaries and other affected the opportunity to improve the design and implementation of public programs and projects that increases ownership and enhances result (ADB, 1999:9). Level of participation in the community based civil society organizations has been measured on the basis of: i) leadership process; ii) major policy decision process; iii) program design and implementation process; and iv) resource utilization and benefit sharing process.

Predictability

Predictability has been defined to relate with the existence of laws, regulations, and policies to regulate society, and its fair and consistent application. The rule of law encompasses well-defined rights and duties, as well as mechanisms for enforcing them and settling disputes in an impartial manner. It also means to "the consistency and reliability of institutions, their staff and their actions based on the institutions' stated objectives, policies, rules and regulations, or to be able to foretell on the basis of observation, experience, scientific reasoning or stated processes" (CARE, 2004: iv). Level of predictability in the community based civil society organizations has been measured on the basis of: i) policies and guidelines; ii) networking; iii) cooperation and coordination; and iv goals, objectives and strategies.

Private Sector (Market)

Market and 'Private Sector' are regarded as synonyms and taken as an actor of good governance. It has been defined to mean a market or an arena of exchange in which individuals attempt to maximize their own advantages. A market economy is one where private individuals or corporate bodies following the dictates of demand and supply, in which state intervention is minimized (Abercrombie, et al., 1994:248), to carry out the greater part of the economic activities of production, distribution and exchange. Private sector or market

covers to the large and medium scale enterprises and medium scale business initiatives (NDF: 2000) that have profit motive.

Process Approach

Process Approach has been defined to mean working according to a process that focuses on mobilizing, promoting and strengthening the potentials of people to understand their own situation better and their own role within it and to increase their capacity to realize more effective self-steering in policy formulation and implementation within a continually changing context (SNV, 1997:2)

State

State has been taken as an actor of good governance and defined to denote a set of institutions comprising the legislature, executive, central and local administration, judiciary, police and armed forces. It acts as the institutional system of political domination and has monopoly of the legitimate use of violence (Abercrombie, et al., 1994:410).

Transparency

Transparency has been defined to mean that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It refers to the free availability of information to the public and clarity about rules, regulations, and decisions (ADC, 1999:11). It relates that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that processes institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them (UNDP, 1997). Level of transparency in the community based civil society organizations has been measured based on: i) resources and income; ii) activities and expenditure; iii) plans, programs and minutes; and iv) resource distribution and program implementation.

1.5 Conceptual Framework

Following is the conceptual framework for this research. It has the following components:

A. Determinants of decision-making process

Transparency, accountability, participation and predictability are considered the main determinants of decision-making process that help to determine the quality of decision-making process or help to gauge the status of good governance.

B. Actors responsible in decision-making

State, Civil Society and market that make public decisions in one or another form that affect public life directly or indirectly.

C. System that enables to the decision makers

System of a country or an institution under which foundation decision makers are empowered to make democratic decisions.

Conceptually, it means, on the foundation of democratic system of a country or community, if the actors of governance (state, civil society and private sector) make any decisions for the management or utilization of available resources and affairs of a nation or a community for development that results in 'good' or 'bad' depending upon the level of transparency accountability, participation and predictability maintained in such decision making process that directly or indirectly affects the public life. The performance of such processes results into good or bad that leads to 'peace, prosperity, conflict, and poverty.

Figure 1: Conceptual Framework of the Study

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1.6 Limitations of the Study

The present research has dealt only with the Himalayan Buffer Zone Community Forestry User Group (HBZCFUG) of Chaurikharka VDC of Solukhumbu district and is limited within the timeframe of 6 months. Moreover, in this research, only four elements- transparency, accountability, participation and predictability has been considered as the major elements to assess the challenges of good governance. Being small in size, the sample may not represent the challenges of good governance of other CFUGs in Nepal. Similarly, limited resource for the study is also one of the limitations of the study. Apart from this, most of the research has been based on descriptive approach.

1.7 Research Outcomes with Policy Implications

The research has analyzed the challenges and prospects of good governance situation in Himalayan Buffer Zone Community Forestry of Chaurikharka VDC, Solukhumbu district. It has also explored its influence in policy making both at micro and macro levels. Moreover, it has compared and contrasted the prospects and challenges of good governance between and among different

CFUGs analyzing its causes and impacts. It could be of immense help and guidance for policy makers and other stakeholders. Similarly, it could also be helpful for the organizations intending to implement new programs not only in the area where the research has been conducted but in other similar regions of Nepal as well.

1.8 Organization of the Study

This thesis has been organized in five chapters namely: Introduction, Literature Review, Research Methodology, Data Analysis and Findings, conclusion and Recommendations.

Chapter One includes an introduction of the study especially concerning with study context, statement of the problem, objectives of the study, definition of key terminologies, conceptual framework, limitations of the study, research outcomes with policy implications, organization of the study and rationale of the study.

Chapter Two includes literature review to conceptualize governance, offers definitions of governance and good governance, highlights the evolution of good governance in development, elaborates main actors and their indicative roles in good governance, identifies common elements and appropriate sub-elements of good governance for assessment, present status of good governance in the national level, evolution of community forestry, emergence of different acts and laws related to community forestry and concludes with the relationship of community forestry and the good governance.

Chapter Three deals with the research methodology adopted for the completion of the study. This chapter includes study site description and rationale for the selection of the study, research design, nature and sources of data, sampling procedure, variables and their operationalization, data collection techniques, reliability and methods of data analysis.

Chapter Four presents the results of the data analysis of the study. It briefly presents status of transparency, accountability, participation and predictability in the Himalayan Buffer Zone Community Forestry Users Group at Chaurikharka -1, Solukhumbu. Furthermore, challenges of good governance in the study site and the comparison of good governance in the CFUG with the national situation are also presented in this chapter.

The final chapter presents brief findings and conclusions. This chapter also includes some recommendations to be implemented for further improvement, investigation and policy consideration of good governance situation in the study area in the days to come.

1.9 Rationale of the Study

Good governance in Nepal requires the citizens to forge a single national identity, an identity sustained by a democratic partnership among the state, market, the civil society and citizen. It is found that most of the researches on good governance are conducted at the macro level. Micro level studies and small regions are neglected, but they could be foundations for the macro ones. The present research is an attempt to fill this gap. No research on the challenges of good governance on Community Forestry User's Groups in Solukhumbu has, so far, been conducted. There is no denying the fact that this region is a popular tourist destination of Nepal. It is felt that due to the overflow of tourists in the region, the situation of ecology has been facing severe threats. Therefore, the improved governance system alone could help protect the region's fragile ecology. If the governance system is weak or bad, the forest depletion process will be much more serious. When good governance prevails, there will be preservation and protection of the environment. In this context, the research may have greater significance. Besides, this research could be a valuable basis for further research on good governance. Thus, the research is expected to have an input for formulating plans and programs and implementing them both at the national and local levels.

CHAPTER II

LITERATURE REVIEW

This chapter briefly reviews the concept of government, governance, defines governance and good governance, explains about its paradigm shift, identifies the major characteristics of good governance, highlights the macro actors of governance, emergence of Community Forestry, relationship between good governance and forest management and finally elaborates the linkages between good governance and civil society organizations, known as Community Forestry User Groups.

2.1 Government, Governance and Good Governance

2.1.1 Government

Government is considered as one of the four essential elements of the state along with population, territory and sovereignty. It is a territorial entity. As the representative of the people, the government expresses their desires. So, it is a group of people governing a country.

2.1.2 Governance

Governance is defined as a system of norms, rules and institutions, which enables national actors to organize information, knowledge and capacities in order to formulate joint policies and achieve goals. It applies to the exercise of power in a variety of institutional contexts, the object of which is to direct control and regulate activities in the interests of people as citizens, voters and workers (Robinson, 1996:347). It is an exercise of "political power" to manage a nation's affair (World Bank: 1989:60). A governance system chooses management over control because its system is permeable, adopts outside influences, assumes no omnipotence or omniscience on the part of the decision maker, and subjects decisions to the evaluation and critique of all those with a

stake in them. All governing is an act of leadership, of moving a society towards a preferred direction. While government can have a connotation of being interested only in maintenance and in preserving peace and order, governance implies leadership toward societal development (EROPA, 2000). The British government's Department for International Development (DFID) uses the term governance to mean, "How the institutions, rules and systems of the state, the executive, legislature, judiciary and military operate at central and local level and how the state relates to individual citizens, Civil Society and the private sector" (DFID, 2001: 11). The Canadian International Development Agency (CIDA) uses governance to mean "the manner in which the power is exercised by governments in the management of country's social and economic resources (CIDA, 1996:21).

2.1.3 Good Governance

Governance becomes 'good' if the mechanisms, processes and institutions of governance have positive connotations and 'bad' if it has negative connotations. The state becomes good only if it realizes its normative goals such as peace, order, tranquility and justice and combines freedom with development that we call 'Ram Rajya' (ideal state). The concept of good governance is vigorously debated in almost all societies-- democratic or dictatorial. Each claims that it has good governance interesting, diverse and edifying.

At this moment, it would be worthwhile to review what good governance means to the leading donor agencies in Nepal. The international Monetary Fund (IMF) director elaborates that "good governance is important for countries at all stages of development to concentrate on those aspects of good governance that are most closely related to our surveillance over macro policies, namely, the transparency of government accounts the effectiveness of public resource management, and the stability and transparency of the economic and regulatory environment for private sector activity" (IMF, 1997). The AusAID says that good governance means competent management of

country's resources and affairs in a manner that is open, transparent, accountable, equitable and responsive to people's needs" (Aus AID, 2000:3). The UNDP means "good governance is among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law" (UNDP, 1997).

Again, it seems appropriate to review what good governance means to the development experts. The Secretary General of the United Nations, Mr. Kofi Annan has said, "Good governance is perhaps the single most important factor in eradicating poverty and promoting development" (UNDP, Undated: 14). Anand Panyarechun, the former Prime Minister of Thailand, as "Putting in place the mechanisms to define what constitutes the public interest and seeing that public interest is served despite everything else", has recently defined good governance.

2.2 Paradigm Shift

The concept of governance marks a paradigm shift from state-centric to society-centric regime. The society-centric governance presumes that there are enough competing centers of power and competing groups, enough citizens competing for influence over public policies and the institutions of governance giving scope for participatory democracy. The state-centric governance emphasizes the 'trickle down' process and could not address the burning issues and problems of the people. On the other hand, society centric concept focuses on 'Bottom-up' approach, which creates ownership among the people.

2.3 Evolution of Good Governance in Development

There are relatively limited literatures on this subject. However, during 1990s, both foreign and Nepalese writers and planners started to write the issue of governance at national and international level that eventually helped to evolve governance in development. We can divide these literatures into two categories

depending upon the nature of the problems and initiatives for solution that helped to the evolution of governance in international and the national level.

2.3.1 International Context

Though evolution of good governance dates back to the evolution of human civilization, the rapid social and technological change which brought a situation of large inequality between the rich and the poor, and widening gender gaps, the generations and the cultural, ethnic and indigenous peoples of a territory seemed to be the basic reasons behind it. The development forces currently shaping the world are not necessarily restricted to the traditional state apparatus, but encompass organizations, institutions, structures and groups outside it. The development discourse is moving far beyond the narrow economic parameters of the past. Many development practitioners have started to redefine development in terms of people's needs rather than economic forces, which promote good governance as an important component of people-centered development approach to economic, political and social organizations.

Most of the writers agree on one point that good governance came to be a condition of international assistance after the World Bank report on 'Sub-Saharan Africa: From Crisis to Sustainable Growth 1989' that pointed out a crisis in governance as the key factor behind the failure of technical cooperation and increasing poverty, underdevelopment and unemployment in Sub Sahara Africa (Shrestha, 2000; UNDP, undated; Sharma and Acharya, 2004). Others argue that it was first evolved after the collapse of the Soviet Union in 1989 (Joshi, 2004). However, these were not only the reasons behind it because several practices in governance around the globe were already made. Some of the major reasons behind the evolution of good governance in the international context can be grouped as follows:

The Search for Growth and Development

In the First World [or the capitalist countries], the burgeoning welfare bill was the trigger, whereas in the Second World (or the socialist countries) the failure of state planning symbolized by the collapse of the Soviet Union, and in the Third World (or the developing countries), the inability of states, to check the growth of inequality and poverty in their territories of states (EROPA, 2000). Government rent seeking, inefficiency and corruption led to demand for privatization, which pushed the state away from its central role but the private sector by itself could not consider the distributional questions. Similarly, the inability of economic gains to produce acceptable levels of re-distribution, poverty reduction and political freedoms woke up the civil society; it could criticize government and set up alternative delivery systems but could not provide nationwide coverage or could set up private industries to take market place. This search for growth and development was possible only after bringing all three forces together that was possible through good governance.

The Environment Movement

Declaration of Earth Summit at Rio in 1992 and its worldwide acceptance by state, market, and civil society; the right of the generations of people yet unborn having enjoyed and care for bio-diversity, beauty and wealth of planet and a proper habitat for all creation; evolution of people centeredness as new aspect of development recognizing that growth alone may affect human lives adversely; the concept of one planet and depletion of resources in one are and its affects throughout the world; and firms-both for profit and non-profit- to race for ecologically acceptable solutions were the environment related reasons that pushed to work for good governance, especially for the environmental governance (EROPA:9-10).

Globalization

Rapid advancement of science and technology especially the information technology and telecommunication systems; end of the cold war; global marketing and evolution of World Trade Organization; global networking of for – profit and non-profit organizations (EROPA, 2000:11-12); and global demand for partnership between state, private sector and civil society for development were the reasons related with globalization that helped to evolve good governance in development.

Consolidating Peace

The need to consolidate peace in war-torn and conflict-prone nations was another force pressing for governance in development. Countries that were undergone a civil war, recession movements or the creation of a new state out of the break-up of national territories had a specially strong imperative to get everyone involved in the process of building a nation or effecting a national reconciliation. In such situation, "the coming together of state, market and civil society to manage societal affairs was not mere rhetoric but a national urgency. It required bringing together former adversaries beyond the discussion table to the field of service in the in the cities and farms, including those which were once battlegrounds" (EROPA, 2000:13). And, most importantly realization of the tasks of nation building by all actors (state, civil society and private sector) as their own responsibility and the resulting peace and development their common ownership were the reasons related with consolidating peace that pushed to work for good governance in development.

Equity, Inclusion, and Urbanization

A society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of societal redevelopment. An equitable access and control over the public resources had been neglected since long past in development be it the case of gender equity or

the social inclusion. "This required all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being" (UNESCAP). There was/is a trend of rural-urban migration for the search of work, security, facilities and safety. The Economist (TE) has estimated that "by the year 2015, there will be 27 cities over 10 million in population, 22 of which will be in developing counties" (TE, 1995: 5). Such equity, inclusion and urbanization related problems could be best addressed by coming the state, civil society and private sector together for the best utilization of available resources at both the urban and rural areas.

Poor Performance of Aid

In the late Eighties when the World Bank-sponsored comprehensive study identified the poor governance as the main reason behind the dismal situation and poor economic performance of aid in the Sub-Sahara Africa. It believed to be a major factor of poor performance of developing countries around the world and leading multilateral and bilateral donor agencies especially World Bank, Asian Development Bank, DFID, USAID, JICA and many more to list, started to put conditions for improving governance before providing grants and loans to the recipient counties. Since then, the issue of good governance, as a necessary pre-condition for development assistance, evolved into the development arena being a subject of global interest. This was the reason that poor performance of aid became the reasons behind the evolution of good governance in development.

Terrorism and Violent Conflict

Most recently, other reasons alike; terrorism and violent conflicts are also being considered to be the most pressing reasons behind the work for good governance. When development and/or governance fail in a single country, the consequences engulf entire regions and leap around the world. Working together through international and national actions and civil society efforts is essential to address the underlying injustices, frustrations and failures that give

rise to the hatred and intolerance, which drive violence, terrorism and conflict and provide the environment in which they can foster (Lees, 2004). Such efforts are possible through good governance that is why terrorism and violent conflict are also considered to be the reasons behind the evaluation of good governance in development.

2.3.2 National Context

The ability of developing countries like Nepal to fulfill their development goals is dependent upon the quality of governance. The relationship among the state, private sector, and civil society is determined whether a nation can create equitable opportunities for its people or not. This is evident in many ways like: If a government does not function efficiently, scarce resources are wasted. If it does not have legitimacy in the eyes of the people, it will not be able to achieve its goals. If it is unable to build national consensus around its stated objective, no amount of external assistance will allow them to be met. If a government is unable to foster a strong social fabric, society risks disintegration and if people cannot take responsibility for their own development, it will not be sustainable (UNDP², Undated).

According to Shrestha (2000), the issue of good governance positioned to be a central concern of development agenda of Nepal in the late nineties. It got recognition of National Planning Commission of Nepal when it put "Good Governance and Development Administration" in the Ninth Plan (1997-2002) for the first time with the objectives of:

-) Making the management of public affairs clean, lean transparent, economical, competitive, job-oriented, capable, productive, service-oriented and accountable;
-) Making public resource management proper and effective; and enhancing the legitimacy of the system of governance and of civil societies (Shrestha, 2000: 55-6).

In 1999, the UNDP report on "Human Development in South Asia: The Crisis of Governance" was published. It argued that all South Asian countries were facing a crisis of governance and suggested if left unchecked, could undermine the region's democratic progress, and economic and social well-being of its people that home to nearly one-fourth of the world's population. It characterized the region by the government that were representing to the poor but aiding to the rich; taxation was insufficient and regressive; expenditure was misdirected and ineffective. In addition to that, it pointed out prevailing rampant corruption in the region. Therefore, this report significantly influenced to all South Asian nations including Nepal to work for good governance with a priority agenda (UNDP, 1999).

Then, it got recognition to be a central agenda of development assistance at NDF 2000 in Paris where the Donor Community in Nepal presented a paper on "Governance, Including Civil Service Reform and Corruption" identifying six major areas and two specific areas of governance challenges (NDF, 2000_a) crucial in determining Nepal's future performance in development and poverty alleviation, such as;

1. Government capacity to provide an enabling economic environment;
2. Government capacity to organize pro-poor policies, to raise resources and to plan and account for their use honestly;
3. Political systems, which empower poor and disadvantaged people to influence state policy and practice;
4. Government capacity to guarantee the equitable and universal provision of effective basic services;
5. Personal security in households, communities, and better access to justice for poor and disadvantaged people;
6. National and local systems to manage national security and to resolve differences between communities within countries before they become violent conflicts.

In addition to the above two, other specific areas of concerns were: (1) civil service reform, and (2) corruption. It has elaborated that corruption appeared to be endemic in Nepal and was thriving in an atmosphere of difficulties in the above six areas of governance.

In 2001, "Nepal Human Development Report" elaborated that great disparities between men and women, different caste and ethnic groups, and different geographical regions, persisted in Nepal after its about 50 years of planned development were not simply because of a lack of resources but because of the allocation and management of resources. It argued that good governance - effective and efficient management of essential to achieving both poverty reduction and human development. It termed good governance as the 'missing link' of Nepal's poverty reduction strategy. It recognized the need of an actor in addition to the state and private sector and placed special focus on the civil society to fulfill the 'missing link'. The report not only focused the importance of good governance in Nepal's development but also recommended to monitoring of governance process to ensure "1) that elected representatives are indeed accountable; 2) that public services are equitably and efficiently delivered; 3) that budgetary processes are transparent; and 4) that programs, policies and budgetary allocations reflect the needs of the people, especially the poorest and the most deprived" (HDR, 2001: 120).

For Nepal Development Forum (2002), good governance became like a synonym of development in Nepal. The World Bank's Vice President, Ms. Mieko Nishimizu, gave her opening address on "A Crisis of Governance" stating, "What ails Nepal is a crisis of governance. Crisis of governance, eroding the nation's economy, finances, and once proud institutions. Crisis of governance, distorting the distribution of income, wealth and human capital. Crisis of governance, threatening social justice, harmony, and the very soul of any nation states - hope and happiness of the sovereign people. And Nepal now faces two manifestations of this crisis of governance: the Maoist insurgency

and a grave fiscal crisis. Nepal today stands of her people to make or break" (NDF, 2002).

In the same year, "Tenth Five-Year Plan (2002-2007)/Poverty Reduction Strategy Paper" (PRSP) formulated which gave significance importance to good governance recognizing it one of its four pillars, i.e. i) board based economic growth; ii) social sector development including human development; iii) targeted programs including social inclusion, in order to bring the poor and marginalized groups into the mainstream of development, together with targeted programs for the ultra poor, vulnerable and deprived groups (who may not adequately benefit from the first two pillars); and iv) good governance (PRSP, 2003: 41) for effective, equitable and efficient delivery of public goods and services. The plan has specified two objectives behind the work for good governance, i.e. 1) to assure good governance to the people with competent, transparent, service oriented, result oriented, purposive and gender equity oriented public administration and improvements in judicial administration; 2) to ensure basic human rights of the people that are provisioned in the constitution and the human rights indicated in the international conventions and committed in the international forums by the government and relate them with national development and poverty reduction.

The evolution of good governance in Nepal is taking its momentum. This can be realized reviewing the programs implemented under the development assistance to Nepal by different donor agencies. Most of the donor agencies working in Nepal are in one or another form working for good governance through different types of intervention at national and local levels. Leading donors in this area include WB, ADB, USAID, DFID, UN Agencies, DANIDA, CIDA, SNV, SDC, JICA and GTZ.

Continuity of good governance initiatives in Nepal has also been reflected in the paper presented by Mr. Janak Raj Joshi on "Governance Reforms and Corruption Control" at NDF, 2004 where he has highlighted many ongoing and

new governance reform programs such as; 1) Governance Reform Program, 2) Implementation of Country Financial Accountability Assessment recommendations, 3) Implementation of Anti-corruption strategy and enactment of anti-money laundering law, 4) Institutional strengthening of National Vigilance Center, 5) Implementation of social inclusion provisions as stated in Forward looking Reform Agenda, 6) Focus on external accountability, 7) Support to the Poverty Alleviation Fund, 8) Implementation of Immediate Action Plan - II, Poverty Reeducation and Growth Facility, Poverty Reduction Credit Support, and so forth.

In addition to the above chronological events, some positive steps that helped for the evaluation of good governance in Nepal include; 1) a transition to parliamentary democracy in 1990 and 1991 as a result of peoples' movement was notable for the fact that the main political parties were united that helped to unite urban population in its desire for democracy - a unity which cut across castes, classes and ethnic groupings; 2) establishment of a new constitution through a consultative process in 1990; 3) growing awareness and understanding a democratic political processes amongst the broader population and three general elections held after the restoration of democracy that have been largely seen as free and fair by impartial international observers; 4) the existence of relatively free media who are protected by a constitutional guarantee of freedom - a guarantee which is largely honored in practice; 5) an intention to move towards further democratization through decentralization efforts reflected passing the Local Self Governance Act 1999; and 6) macro economic stability, however, its stability is difficult due to increased spending but static taxation levels (NDF, 2000_a).

However, efforts made in the past for governance in international and Nepalese contexts seemed to be insufficient to resolve pertaining issues of good governance. There is an increased realization to work for good governance. It is believed that upcoming innovations in good governance will help to further evolution of good governance in development in abroad and in Nepal.

2.4 Elements/Characteristics of Good Governance

Different agencies and people involved in the field of good governance have identified characteristics and elements or determinants of good governance depending upon their perception, areas of development interest, organizational priorities and available expertise. In the following table, an effort has been made to list those characteristics/elements of good governance identified by leading development agencies working in Nepal and few individual to select some common characteristics or elements that would be universally relevant to gauge the good governance of the state, civil society or private sector.

Table 1: Common Elements of Good Governance

| Agencies/ Authors | Main Elements/characteristics | Common Elements/Characteristics |
|------------------------------|---|--|
| UNDP | 1. Participation, 2. Rule of law, 3. Transparency, 4. Responsiveness, 5. Consensus orientation, 6. Equity, 7. Effectiveness and efficiency 8. Accountability and 9. Strategic vision. | 1. Transparency, 2. Participation and 3. Accountability |
| USAID/ Nepal | 1. Transparency 2. Accountability 3. Predictability and 4. Participation | 1. Participation 2. Predictability 3. Transparency 4. Accountability |
| IMF | 1. Transparency 2. Accountability 3. Efficiency 4. Fairness | 1. Transparency 2. Accountability |
| ADB | 1. Accountability 2. Participation 3. Predictability 4. Transparency | 1. Participation 2. Predictability 3. Transparency 4. Accountability |
| CIDA | 1. Effectiveness 2. Honesty 3. Equity 4. Transparency 5. Accountability | 1. Transparency 2. Accountability |
| Aus AID | 1. Transparency 2. Accountability 3. Equity 4. Responsibility | 1. Transparency 2. Accountability |
| Van Sant, J. | 1. Legitimacy 2. Accountability 3. Effectiveness, 4. Responsiveness, | 1. Transparency 2. Accountability 3. Participation |
| Robinson | 1. Accountability 2. Legitimacy 3. Transparency | 1. Accountability 2. Transparency |
| SDC | 1. Transparency 2. Accountability 3. Participation 4. Democratic legitimacy | 1. Transparency 2. Accountability 3. Participation |

Thus, having analyzed the characteristics, it is found that transparency, accountability, participation and predictability are the major tenants. Hence, these common elements based on available literatures are taken into consideration to assess the practice of good governance in HBZCFUG.

2.5 The Macro Governance Actors and their Indicative Roles in Good Governance

Governance includes the state, but transcends it by taking in the private sector (market) and civil society. The state creates a conducive political and legal environment. The private sector generates jobs and income and civil society facilitates political and social interaction-mobilizing groups to participate in economic, social and political activities "Because each has weaknesses and strengths, the major objective of our support for good governance is to promote constructive interaction among all three" (UNDP, 1997). Therefore, it becomes quite clear that these are three vectors of governance- the state, the private sector (market) and the civil society. Governance is a composite form of the state, the market and the civil society. The figure below gives a clear picture of the actors of good governance.

Figure 2: Actors of Good Governance

In the figure above, we see three different actors- state, private sector and the civil society. We also see they are partly overlapping each other. That is the strength of good governance where all actors remain close to one another and co-operating each other. In such situation, not only these actors partly

complement each other's governing process but also at the same time, keep check and balance each other to achieve best performance.

2.5.1 The State

State is a main actor of good governance. It is a set of institutions comprising the legislature, executive, central and local administration, judiciary, police and armed forces. It acts as the institutional system of political domination and has monopoly of the legitimate use of violence (Abercromble, et al; 1994: 410). Sociological account of the state broadly fall into three categories: 1) In M. Weber's account "state in capitalist and socialist societies is an independent force that has its own rules of action - the legal - rational rules of bureaucracy - and dominates all social groups"; 2) in the Marxist account "state in capitalist societies which regard it as tied to the interests of capital and the dominant class"; and 3) in the pluralist account "state as a partly independent force which, via the workings of the democratic process, may still be influenced by the different interests that are represented politically".

In Nepal, state covers to the Nepal Government, legislative (House of Representatives and National Assembly), judiciary (Supreme Court, Appellate Court, District Court, Special Courts). Executive (Cabinet of Ministers, Ministries, Departments, Regional Directorates, District Line Agencies), Commission for the Investigation of Abuse of Authority, Auditor - General, Attorney - General, Nepal Army, Arms Police, Civil Police, Public Service Commission, Election Commission, Local Bodies (District Development Committees, Municipalities, Village Development Committees and their Ward Committees), Nepalese Diplomatic Missions, Government Academies, Projects, and so on. The consolidated form of these institutions is known as a 'State' or 'Government' of Nepal.

These Government institutions of Nepal function in accordance with the "Directive Principles and Policies of the State" as provisioned in the Part 44 of the constitution of the Kingdom of Nepal, 1990 (LBMB, 1997). In its Article 25, it has made provisions of "Directive Principles of the State" and has elaborated them in 5 Sub-Articles. Similarly, the Article 25 has made provisions of "State Policies" and elaborated them in 16 Sub-Articles. It has made provisions of "Application of Directive Principles and Policies" in Article 24 with its elaboration in 2 Sub-Articles. Apart from the state directive principles and policies and the provisions made throughout the Constitution, the constitutional spirit expressed in the Preamble of the Constitution which cannot be amended, has guaranteed; the sovereign authority of the independent and sovereign Nepal is inherent in the people; government's consonance with the popular will of the people; securing people's social, political and economic justice; guarantee of basic human rights to every citizen; adult franchise; Parliamentary System of Government; Constitutional Monarchy and the Multi Party Democracy; the spirit of fraternity and the bond of unity on the basis of liberty and equality; establishment of an independent and competent system of justice; and the concept of Rule of Law into a living reality (LBMB, 1997).

In addition to the above, the state authorities of Nepal are required to function in accordance to the duties and procedures mentioned in the Constitution. Laws, Acts, Rules and Regulations, International Treaties, Conventions and Declarations promulgated and/or enacted on behalf of the Nepalese people. Application of these statutory power and authorities should be for the benefit of the Nepalese people.

Role of State in Good Governance

Under the regime of good governance, the role of state has been seen as regulator, supervisor, and facilitator in all affairs of a country, be it a public sector, private sector, and civil society or the mass of the citizen or a citizen of a community in isolation.

The DFID (2001) strategy paper, "Making Government Work for Poor People: Building State Capability", lists seven key governance capabilities or roles which states need to develop to meet the international targets (DFID, 2001), such as: 1) to operate political systems which provide opportunities for all people, including the poor and disadvantaged, to influence government policy and practice; 2) provide macroeconomic stability and to facilitate private sector investment and trade so as to promote the growth necessary to reduce poverty; 3) implement pro-poor policy and to raise, allocate and account for public resources accordingly; 4) guarantee the equitable and universal provision of effective basic services; 5) ensure personal safety and security with access to justice for all; 6) manage national security arrangements accountably and to resolve differences between communities before they develop into violent conflicts; and 7) develop honest and accountable government that can combat corruption.

Similarly, the "Millennium Development Goals" jointly agreed by all member states of the United Nations sets forth common goals and targets for its member countries. These goals and targets are quite relevant to define the role of states nationally and internationally that can be summarized as:

1. Eradicate extreme poverty and hunger by halving between 1990 and 2015, the proportion of people whose income is less than US \$1 a day; and the proportion of people who suffer from the hunger.
2. Achieve universal primary education ensuring that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
3. Promote gender equality and empower women through eliminating gender disparity in primary and secondary education, preferably by 2005 and in all levels of education no later than 2015.
4. Reduce Child mortality reducing by two thirds, between 1990 and 2015, the under - five mortality rate.

5. Improve maternal health reducing by the three-quarters, between 1990 and 2015, the maternal mortality ratio.
6. Combat HIV/AIDS, malaria and other diseases halving halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
7. Ensure environmental sustainability through integrating the principles of sustainable development into country policies and programs and reverse the loss of environmental resources; halving by 2015 the proportion of people without sustainable access to safe drinking water; and achieving by 2020 a significant improvement in these lives of at least 100 million slum dwellers.
8. Develop a global partnership for development through further developing an open, rule-based, predictable, non-discriminatory trading and financial system that includes a commitment to good governance, development, and poverty reduction - both nationally and internationally; addressing the special needs of the least developed countries including tariff-and quota-free access for exports, enhanced program of debt relief for an cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction; addressing the small landlocked counties and small island developing states; dealing comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term; developing and implementing strategies for decent and productive work for youth in while cooperating developing countries; providing access to affordable essential drugs in developing countries in cooperating with pharmaceutical companies; and making available the benefits of new technologies, especially information and communication technologies in cooperation with private sector (UNDP, 2003).

Role of State in Civil Society Development

Nepal Development Forum (2000_b) lists some important role of Nepal Government with regard to the Civil Society Organizations in Nepal. Some of them are directly related with CSO development, such as:

1. Strategies to create and enabling environment for civil society: flourish and contribute to development and good governance by improving legal frameworks affecting CSOs especially the Society Registration Act 1977 and Social Welfare Act 1992; ensuring the autonomy of CSOs eliminating cumbersome procedures for registration and related requirements; becoming open to joint review and redrafting of relevant laws and regulations to enable CSOs to develop their own constitutions; and grouping CSOs sectorally with common structures and objectives.
2. Autonomy of civil society organizations: maintain, respect and enhance the autonomy of democratic functioning of CSOs without outside interference; making CSOs firstly accountable to their members and then to society and government, not being involved directly in promotion of CSOs but rather playing a facilitating role and creating an enabling environment for sustainability and community ownership of CSOs; and giving attention for coordination between mass organization and CSOs.
3. Provide opportunities for federation : provide greater flexibility for the formation of district, regional and national federations; facilitating communication at the local and national level; understanding the diversity of CSOs and their particular perspective and interests even they look conflicting and sometimes competing; and trying to ensure the CSO voices are heard at national level.
4. Transparency and International Democracy : seek to improve regulation to ensure CSOs transparency and democratic structure; providing free

access to information about both governmental and CSOs on budget, funding, rules, regulations and major activities; assessing and validating expressions of concerns of CSOs based on the open, representative and democratic nature of CSOs; and ensuring the proper use of CSO funds internal or external.

5. Communication and Participation in Planning : providing opportunity in planning and channeling the two-way communication between government and civil society at local and national level; ensuring the information dissemination about priorities and issues at DDC, VDC level; collaborating with CSOs to form collective voices; acting as a facilitator, not a controller, and is willing to create partnership with civil society, seeking advices from CSOs to determine and clearly articulate how they want to engage with the Nepal Government.
6. Obtaining CSO contribution for poverty and equity considerations: seeking CSO contribution in poverty reduction through contracting out work to CSOs, enabling CSOs to be a pool between the government and backward community people specially the women, ethnic and disadvantaged groups; recognizing the shortages of CSOs that work for ethnicity, caste and gender equity; and prioritizing interventions that help education to girl, reducing women's work load and participation in civil society (NDF, 2000_b).

Role of State in Private Sector (Market) Development

The development of private sector is important to sustainable increase in the efficiency of resource utilization in Nepal and to reduce transaction costs. Among others, the main roles that states can play are (NDF, 2000_c):

- J) A decrease in direct interventions by the state and strengthening of the role of the government as a regulator and in providing an enabling environment through rule of law is the core ingredient.

-) The legislations governing the private sector need to be balanced and transparent. The legislative framework needs to be 'enabling' as opposed to 'directive' or 'interventionist'.
-) Improvements of legal professionalism, specialized arbitration mechanisms, prompt settlement of disputes or execution of judgments are very critical.
-) Review of existing laws regarding intellectual property to insure that they confirm to the international norms; standardization of laws and their enforcement to increase domestic and foreign investment and strengthening the industrial base.
-) Generating better financial information by implementing existing accounting, auditing and disclosure standards and upgrading the accounting profession through an appropriate qualification system and effective implementation of Chartered Accountant Act and ensuring that statements of expenditures strictly follow rules concerning competition, transparency and selection.
-) A clearer demonstration of government's political commitment in the form of policy statement setting out strategic objectives, clear timetable and forward schedule for private sector development.

2.5.2 The Private Sector (Market)

The terms 'Market' and 'Private Sector' are being interchangeably used in development literatures so as in this study. A market is a mechanism, which allows people to trade, is normally governed by the theory of supply and demand. An economy, which relies primarily on interactions between buyers and sellers to allocate resources, is known as a market economy" (Encyclopedia). Similarly, a market is an arena of exchange in which individuals attempt to maximize their own advantages. In a more restricted application, that of the market economy, "a market economy is one where the greater part of the economic activities of production, distribution and exchange are carried out by private individuals or corporate bodies following the dictates

of demand and supply, in which state intervention is minimized" (Abercroble, et. al., 1994: 248).

As defined in the paper presented at the NDF 2000, "the private sector activities include in principle all activities which are outside the direct influence of the public". It includes medium and large scale enterprises with which the term private sector traditionally been associated with, but also smaller scale private initiatives including small and medium scale business initiatives are also included as private sector. There are around 360 industrial enterprises operating in Nepal (NDF, 2000_c).

Under a regime of governance, "the private sector takes up its role as the engine of society" (Estrada, 1999). It delivers services and at the same time creates job and employment. It creates wealth for distribution, to harness the capabilities and resources of the strong. The state guarantees a level playing field for those able to compete, and turns its attention to the provision of safety nets for those unable to do so. The state's approval of minimal intervention in the economy does not absolve it for the task of watching out for the public interest.

Private sector development concerns agriculture, manufacturing and services including trade, infrastructure and social services. It also includes all types of market players, from the self-employed in the informal economy, to small, medium and large enterprises and transnational companies. Thus, private sector is not a sector in a conventional sense but more of an approach, or "a way of doing things" (Sida, undated).

Private sector organizations or business institutions generally bear the following features.

- they are formally or informally established for business purposes;

- they are registered as 'private company, firm, enterprises, industrial estates, limited companies, limited banks, corporations including multi-national companies;
- they are either self-governed or governed by a board of governor or shareholders; and
- they are mostly known as for-profit organizations.

Role of Private Sector (Market) in Good Governance

The role of private sector (market) for achieving good governance can be summarized as follows:

- J The economy is the foundation on which social life is organized. Market economy can effectively coordinate the functions of resource allocation, distribute income through exchanges between buyers and sellers through a price mechanism, and address the problems of scarcity of goods and resources (Dahal, 2002: 27).
- J The Commonwealth Business Council (CBC) lists some 15 principles for Corporate Governance in the Commonwealth (CBC, 2003: 25), although focused on the public companies, can also have an important impact in changing the overall environment within which the private sector operates. It stresses its focus on businesses (private sector) through i) optimizing long-term shareholder value; ii) regard for other stakeholders; iii) basic principles of accountability through accurate and honest reporting, independent audit, role of auditor, and performance based remuneration; iv) corporate social responsibility; and vi) codes of conduct.
- J The CBC elaborates that business communities need to maintain greater openness and accountability as part of the overall responsibility of companies to optimize the long-term return to their investors. They should provide information necessary for the investors to understand the

nature of a company's business, the risks involved in its operation, its financial health, and future prospects. It suggests to the consultants and accountants to demonstrate both independence and impartiality by publicly disclosing commercial relationships with their clients, and their competencies in examining complex issues like human rights, labor law standards, environmental impacts or climate change that needs to build expertise, explore innovations and improve the quality of reporting (CBC, 2003:16-21).

-) Private sector needs to work jointly with the government to re-vitalize the Privatization Program which is almost standstill since 1994 in Nepal due to lack of government commitment to act; absence of consensus between the government and the opposition; lack of transparency in the bidding process; undue pressure from political and business concerns whilst selecting the successful bidder; little public support; long and bureaucratic privatization process; and the conflict of interests between the government, the boards of directors and the labor unions about how best to privatize the public enterprise (ESP, 2001).
-) Advocating, lobbying and influencing public officials to solve the major problems related to Foreign Direct Investment (FDI) in Nepal that are: complex and not properly managed fiscal incentives and one-window system; lack of professional and technical manpower to meet FDI requirements; the small size of Nepal's internal market and difficulties in exporting goods; a low capacity to absorb and apply new technology; and the long time taken to complete environment impact assessment.
-) Working for fair and effective legal provisions on property rights, labor, foreign investment, environment, and other laws that are essential for entrepreneurs and other private sector operators to be willing to take commercial risks and investment.

) Helping 'informal economy' (companies) to become formal companies (Sida;undated) and working responsibly with public, private and civil society alliances is equally important which is a source of livelihood for people in general and the poor in particular in Nepal.

2.5.3 The Civil Society

Civil society is a forum for collaboration, but it is also a space for debate and competition. Civil Society Organizations (CSOs) represent different segments of the population, and hence, different points of view, interests and policy agendas. It is difficult to find a clear-cut definition of civil society organizations because different people view it from different light: process of formation, function, practices and priorities.

Harper defines civil society as "a voluntarily formed body of organizations situated between the state and the household which operates to pursue commonly identified goals" (Harper in NDF, 2000_b).

USAID Strategic Plan (2000), defines civil society that range from "all voluntary associations, local community organizations, cultural and research institutions, as well as representative bodies of the private enterprises and business sectors" to "the sphere of social interaction which lies between the economy (market) and the state, composed above all of the intimate sphere (especially the family), the sphere of associations (especially voluntary associations), social movements and forms of public communication" to a set of organizations that are referred to as "non-profit" or civil society organizations (USAID, 2000_a: 21).

USAID elaborates that 'civil society has both institutional and organizational dimensions'. Institutional dimension targets with the institutional framework to assure a positive enabling environment in which civil society can flourish. It concentrates on changes in and implementation of laws and regulations. Organizational dimension includes groups engaged in political advocacy and in

service delivery in education, health care and finance. It also includes organizations that represent business, professional, neighborhood, ethnic, gender, or other groups. Civil society has certain characteristics.

- they are formally or informally organized around shared purposes;
- they are non governmental, and so not part of the state apparatus;
- they are self-governing, rather than externally controlled; and
- they are voluntary both in the sense of being non-compulsory and in the sense of voluntary involvement in their governance or operations.

The Government of Nepal, in a paper presented for the purpose of Nepal Development Forum (NDF, 2000_b), includes the following types of organizations as civil society organizations:

- Non-Government Development Organizations (NGOs)
- Co-operatives
- Unregistered Savings and Credit Organizations
- User Groups
- Professional Associations

The UNDP ensures that civil society brings to the Civil Society Organizations (CSOs) together because CSOs host associations around which society voluntarily organizes. These CSOs include trade unions; non-governmental organizations; gender, language, cultural and religious groups; charities; business associations; social and sports clubs; cooperatives and community development organizations; environmental groups; professional associations; academic and policy institutions; media outlets and political parties. But the political parties come at both side: state and civil society if they are represented in parliament (UNDP, 1997).

After the restoration of democracy in 1990, there has been a phenomenal growth of civil society organizations (people's organizations, community based organizations and NGOs) in Nepal. In the favorable global environment along

with the realization of the needs of the nations, CSOs have come forward to participate in different activities and beginning to merge into the mainstream of national development. They have been working in various sectors such as community development, saving and credit, agriculture extension, irrigation management, primary health care, education, political activism, community forestry management, women's empowerment, girls trafficking, HIV/AIDS, consumer rights protection, and so on.

The NDF (2000_b) paper estimates that Nepal has 57,000 civil society organizations involved in different fields of which about 10-15% are non-governmental development organizations. These organizations have operated in small communities to resolve their social, cultural and to some extent, economic affairs. In the past, they had functioned in a traditional manner with a positive outcome. Welfare, charity and social services were the domain of these organizations. The opportunity for participation for many social groups remains limited because of the concentration of the power and authority at the center. The civil society organizations in Nepal have not been able to significantly influence state apparatus. This begs a quest about the interests and efficiency of civil society groups.

Role of Civil Society in Good Governance

Under the regime of good governance, civil society has a very important role of bridging together the citizen and government and maintaining checks and balance staying in between the state and private sector.

As per the NDF (2000_b), civil society can suggest changes on laws and policies and can work together with government institutions and private sector in strengthening relations and trust between government entities, business community and citizens. The potential roles of the civil society organizations in development include: 1) empowerment; 2) a catalyst; 3) a facilitator or intermediary; 4) an information promoter or advocate; and 5) a service provider.

Nepal Human Development Report (2001) states that civil society has a particularly important role in good governance to ensure;

-) that elected representatives are indeed accountable;
-) that public services are equitably and efficiently delivered;
-) that budgetary processes are transparent; and
-) that programs, policies and budgetary allocations reflect the needs for the people, especially the poorest and the most deprived.

Similarly, Pact (undated) suggests that the civil society organization can help to improve governance process as follows:

-) Mobilizing citizens to participate more actively in public affairs;
-) Enhancing transparency through improving transparency and increasing the availability of information about the making and implementation of public policy;
-) Making and promoting action plans to fight corruption through holding seminars, conferences, workshops and public hearings to inform citizens on patterns and dangers of corruption and sensitizing them to build groups to form anti-corruption strategies;
-) Bridging the gap of service delivery where necessary and in the case of inaccessibility of service centers and markets. Such as; mobile health camp, informal education, micro credit, micro enterprises, alternative dispute resolution, etc.
-) Making associations, coalitions and federations in different discipline;
-) Providing ways to enable citizens to get access to justice by undertaking public interest litigation, providing legal aid, training paralegal personnel, and raising awareness of citizens on laws and how they affect their day to day lives; and
-) Conducting research, training, and organizing advocacy campaigns to articulate the citizens' interest and to mediate the differences.

2.6 Good Governance Situation in Nepal

There are very few studies that have conducted on good governance situation in Nepal. Only handful literatures available were also distinct to each other because of differences in perception, purpose and priorities of good governance to different agencies and authorities working in Nepal. Some of them were concentrated in some specific areas and purposes rather than looking into an overall situation covering all common elements of good governance identified for this study. However, in the following paragraphs, the researcher has made an effort to present overall situation of good governance in Nepal mainly depending on secondary information.

The issue of bad governance in Nepal was not a product of a day but an accumulation of long instability and miss-management of development in Nepal. A 1959 United States Operations Mission (USOM) summary report pointed out that "the need to expand these services to every district, every area, every village, is essential to the successful establishment of a democratic way of life. Only as a government shows a satisfactory response to the felt needs of its people can a democratic government exist (Issacson, et.al.; 2001: 12)". The USAID Capital Assistance Program Document 1965, summarized the situation in Nepal in 1960s as "Nepal is a classic example of a traditional society with most of the predominantly rural populace illiterate; conditioned to stern authority exercised by the socioeconomic elite; exercising little control over their own destiny; and existing at near subsistence level. To this rather bleak situation must be added other complexities such as the variety of ethno-linguistic groupings, poor communications, isolation, lack of transportation facilities and relatively weak and unsophisticated systems of administration ... modernization then is dependent upon rapid and dramatic changes in the institutions, value and attitudes (Issacson, et.al; 2001:90)".

Similarly, the Food Grain Technology project evaluation team in their interview outcome stated that "... there are a lot of 'ifs', involved in the

successful completion of the adoption cycle: if the rain come on time ... if the electricity is available to run the pump and the canals are not silted up ... if the AIC (Agricultural Input Corporation) handles the imports in a timely way, it may be possible for the cooperatives to get their supplies on time; if the farmer holds a little deed to get credit at the Agricultural Development Bank or has enough cash to buy without credit, then it might be possible to purchase available inputs (Issacson, et.al; 2001: 90).

Similarly, Upreti (1996) in his thesis for Master's degree entitled 'Crisis of Governance in Nepal: A study of Political Economic Problems in Theory and Practice', has explained broad factors of crisis of governance in Nepal viz. 1) geopolitics of the country: sandwiched between India and China, the two big giants and mountainous terrain which make communication and transportation very difficult; 2) development as a fashion: application of different development concepts focusing on governance at different times as fashion and disappearing in a few years without their continuity; 3) open border: creating a situation of difficulty to regulate the flow of goods and people; 4) transit route: to have transit route to the sea giving up a significant portion of power of governance to India through treaties and agreements; 5) external debt; increasing external debt eroding the powers of the ruling government; 6) foreign aid: no real use of foreign aid because of the increasing trade deficit comparing with aid to Nepal and trade with India; 7) taxation: hindering factors of taxation such as trading system, poverty, inefficient tax administration and corrupt practices were not fixed before increasing tax base which was the main economic instrument of a government to govern; 8) privatization: handing over of everything to the private sector without trying to root out the inefficiency of the public enterprises; 9) corruption: governments also accepted existence of rampant corruption but actions had rarely been taken; 10) NGOs: no NGOs were helping complement the work of the government and strengthen the civil society without getting help and direction from abroad; and 11) shadow economy: black money developed by the smugglers has created inability

regulate open border to control free flow of black money for the growth of informal sector and to control terrorist activities (Upreti, 1996: 13-121).

Here, it would be appropriate to present a comparison made by Bihari K. Shrestha on the basis of major aspects of governance in Nepal in the Rana System and the Multi Party Democratic System. The table below gives an overview of good governance situation in Nepal during the Rana System that was in power until 1951 and the present Multi Party Democratic System that is in power since 1990 to now.

Table 2: Governance Situation During Rana System and Current System

| S.N. | Major Aspects of Governance | Rana System | Present Multiparty Democratic System |
|------|-------------------------------|---|--|
| 1. | Selection of Leader | Managed by the members of ruling Rana family | Generally in parties; unchanged leadership, non-democratic activities in elections, parties not speaking realities to the voters, use of money and power in elections, therefore fair election impossible. |
| 2. | Type of operating government | Mainly on the trick and tactics of persons pertaining to the palace | Unprincipled and unfair competition between parties |
| 3. | Transparency | Non-transparent | Non-transparent |
| 4. | Ethnicity of Leadership | Corrupt | Corrupt |
| 5. | Commitment for development | Lack of development planning | Meaningless periodic development planning process |
| 6. | Social and economic Structure | Exploitative | Continuation exploitative structure |
| 7. | Poverty level | Extreme poverty | Poverty becoming vicious day by day |
| 8. | Real difference | Absence of right to organize | Guarantee of right to organize |

Source: Shrestha (2001), 'Good Governance: Principles and Practices in the context of Local Governance'.

Above comparison was criticized and the validity was questioned however the message it has given is quite clear. It meant that governance situation in Nepal

has not considerably changed to the level it was expected by Nepalese people. This comparison has also represented to the voice of millions of Nepalese people who directly or indirectly contributed to establish democracy by overthrowing the Rana System in 1951 and party less Panchayat System in 1990.

Shrestha (2000), "Good Governance in Nepal Perspectives from Panchthar and Kanchanpur Districts" carried-out an exploratory assessment of the local perspective on governance situation in Nepal. The main governance concerns used in his study were: 1) state viability and sovereignty; 2) structure of government; 3) transfer of power and electoral arrangements; 4) level of government; 5) management of power; 6) institutional effectiveness government in policy-making process, public service, armed forces, and legal system; 7) economic effectiveness of government in financial accountability, income and expenditure, and economic management; 8) treatment of the population in terms of control of and service to the population, fights and representation, and transparency and information. The following issues of local governance were also used in this study, i.e. 1) local transfer of power and electoral local authorities, 4) line agency effectiveness, 5) private sector effectiveness, 6) civil society and the role of local self-help institutions, and 7) democracy, poverty reduction and access to basic services.

In response to the above concerns, Shrestha found that Nepal was a country in strife with itself. It was not a proud nation either. Nepali people were also a frustrated lot. Governments had historically been deficient in its capacity to bring about positive and significant changes in the lives of its people. Management deficiencies had been at the heart of some government programs historically.

However, in contrast to the government bodies at the national and local level, the self-help groups had demonstrated an immense comparative advantage in respect of its management system solidly based on the principles of good

governance. He has referred to the local non government organizations, saving and credit organizations, mothers' groups, women's groups, small farmer cooperatives limited, and forestry groups in his study pointing out their 4 basic attributes/ characteristics that contribute for good governance; 1) an exclusive organization of the direct beneficiaries or users of a certain activity or service that is democratically organized, 2) members have valuable stakes in common with a vested interest for the proper functioning of the group that promotes participatory decision-making and inclusion, 3) members have continuous access to new information, skills, technologies and inputs that enhances materials, social or spiritual well being, and 4) people's access to external catalytic support for organizing themselves that help to initial stage conflict resolution at the community level and establishing formal and informal linkage with government or private sector (Shrestha, 2000: 61-3).

Shrestha has recommended to rationalize government's decentralization policy; promote of self-help groups massively with catalytic backstopping support form the government, NGOs and the private sector; establish a link between self-help groups and local government bodies; formulate of a more integrated foreign aid policy on governance improvement; document information on good governance; build capacity of NGOs to play vital role in promoting self-help development at the grassroots levels; assess the capacity of NGOs, DDCs, VDCs, Municipalities, piloting good governance programs focusing on self help groups; and watch of governance by the civil society. He has stressed that rebuilding of Nepal would have to begin from the grassroots where each Nepali could participate in the task of nation building, not only the growth would be faster and capital formation more robust; more importantly, the sense of belonging of its people to the country would be stronger and relationship between hard work and increased prosperity and would work even harder towards an more promising future.

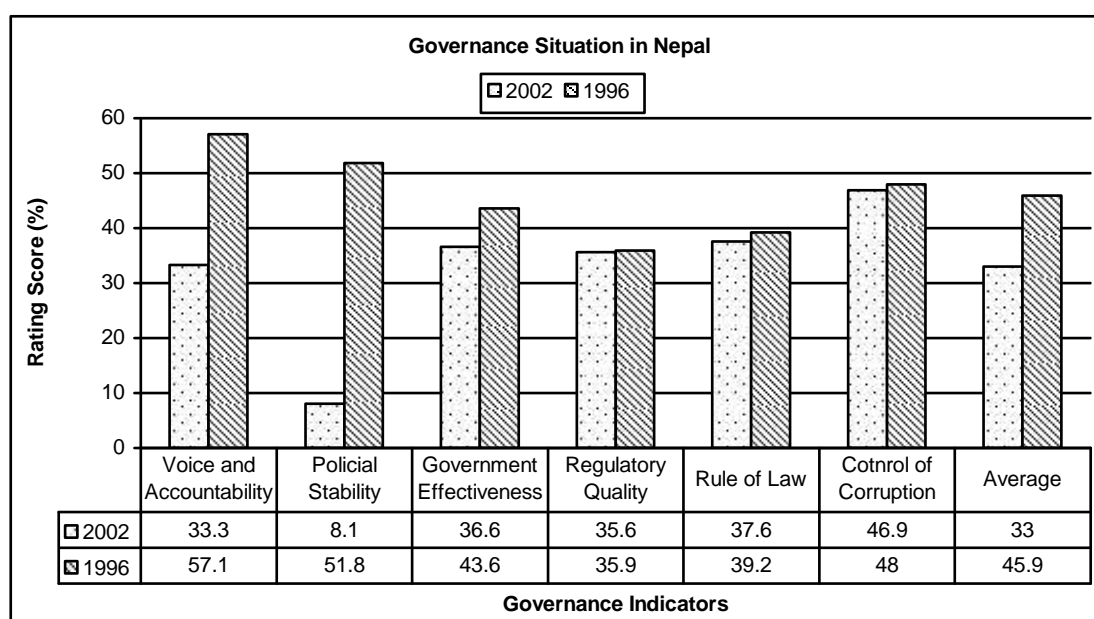
Dahal, (2001) made a comprehensive study on grassroots governance in Nepal. He has pointed out challenges in local governance. For him, breaking of web of

patron-client relationship is first challenge, whereas dismantling the institutionalized patronage to allow development of genuine leadership from the bottom upward is the second. The third challenge is correcting the extreme urban bias and the mislaid priority given to the non-agricultural sector and forth is to halt the steady retreat of the state from the society, by means of capturing a synergy between the state, market and civil society and solving the problems of collective action and common good. He suggests that self-governance requires freeing up of all stakeholders to participate in development - a development that sets the conditions necessary for emancipated forms of livelihood for a diverse people (Dahal, 2001:33-48).

An exciting work done in the area of good governance was the World Bank sponsored governance assessment (1999 reedited in 2003) which had taken a cross-section of more than 150 countries worldwide including Nepal. It has constructed six aggregate indicators corresponding to six basic governance concepts, used them to assess the level of governance worldwide, and maintained a database in its website for public access. Those six aggregate indicators were prepared based on the governance database of universally famous international organizations, political and business risk rating agencies, think tanks, and non-governmental organizations (Kaufman, D., Karry, A. and Zodio-Lobation, 1999: 4).

The World Bank has also maintained web-based database for the year 1996, 1998, 2000 and 2002 for public access. It would be quite relevant here to compare governance situation in Nepal in the year 1996, since when Maoist insurgency started (February 12, 1996), to 2002 when His Majesty King Gyanendra Bir Bikram Shah Dev dismissed elected Prime Minister Sher Bahadur Deuba for 'incompetence' and took the executive power with himself (October 4, 2002) for the first time. The figure below makes a diagrammatic presentation of governance situation in Nepal in the year 1996 and 2002.

Figure 3: Governance Situation in Nepal in 1996 and 2002



Source: Data from World Bank (2003)

In the figure 3, we can see that governance situation in Nepal has been decreased from the average rank of 45.9% in the year 1996 to 33.0% in the year 2002. It also shows that ranking score for all six governance indicators has been decreased from 1996 to 2002. In this basis, it would not be irrational for us to say that overall situation of good governance in Nepal is in decreasing trend.

Dhungel (2002), "Governance Situation in Nepal" has made a comprehensive study on governance situation in Nepal during the period 1995-2000. This study was designed according to the World Governance Survey (WGS) scheme and was supported by the United National University (UNU). The ultimate goal of survey was to have a better understanding of the aspects of governance that matter the most and to provide more informed policy advice to public at large on its six dimensions: 1) participation in the political process; 2) interest aggregation system; 3) government stewardship; 4) civil service and the policy planning; 5) relationship between the state and the market; and 6) dispute resolution system of governance.

The people's participation in the political progress was not significantly improved during the period (1995-2000) due to undemocratic manner of political parties, corrupt and inefficient politicians and perceiving of politics as a profession of thieves, goons, hooligans and dishonest people whereas the interest aggregation system on the basis of legislature as representative of society, competition for political power, reflection of public preferences in policymaking and accountability of legislator towards the public was slightly improved. However, officers of NGOs and legislators pointed some deterioration in the situation because of self-seeking and self-aggrandizing behavior and decay in civic culture of legislator's behavior, 'winner takes all' election system; and unhealthy competition for political power.

There was a lack of improvements in the Government's stewardship for personal security of the people, guaranteeing adequate standard of living for them, taking tough decisions in national interest, keeping the military under the subordination of the civilian government and commitment to peaceful resolution of internal conflict due to non performing of successive government against the causes of suffering of the people, the leadership was fully entrenched in corruption and abuse of power, and the security had significantly worsened [due to the Maoist insurgency] during the period.

The overall role of civil service and policy planning process merit as the basis for recruitment, participation in policymaking, clear-cut decision-making, equal access to public services and accountability of civil servants for their actions had deteriorated over the period. The main reason behind this was the bureaucracy that had badly suffered at the hands of the government.

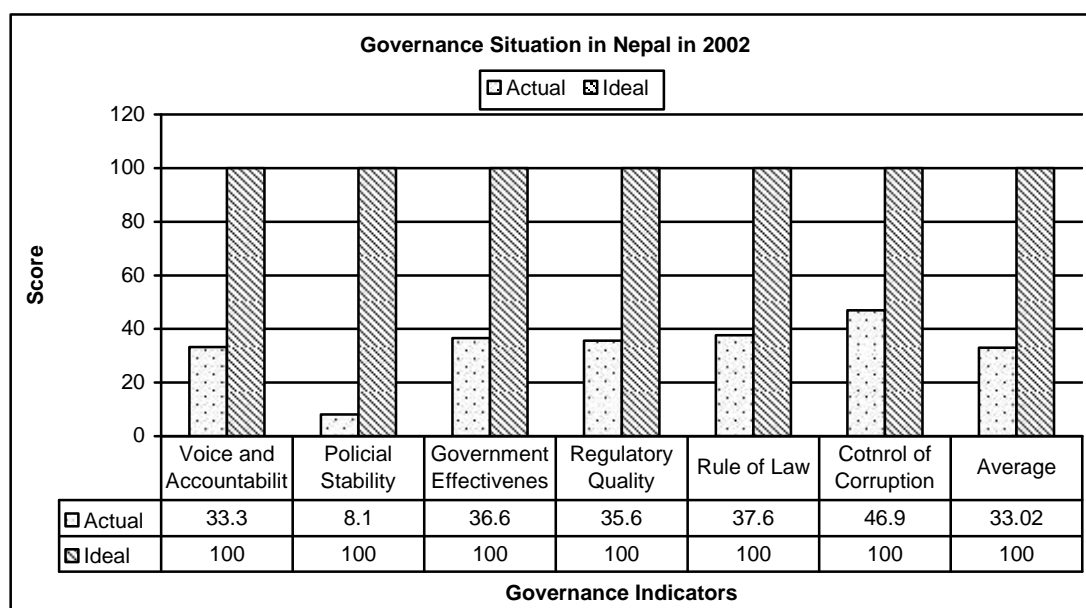
Regarding the overall relationship between the state and the market, he found that the situation was not so good and nor so bad. He had reviewed the dispute resolution system dividing into 4 categories: 1) equal access to justice for citizens, 2) clear decision-making process in the judiciary, 3) incorporation of international conventions on Human Rights in National Right Regime, and 4)

accountability of judiciary in dispute resolution, and found that the dispute resolution system had slightly improved but was not to the satisfactory level. In summary, according to Mr. Dhungel there was no substantial improvement in the governance situation except a few exceptions during 1995 to 2000 in Nepal.

Similarly, a study on 'Governance planning with the People' (2002) brought out by South Asian Partnership (SAP) - Nepal has focused on the situation of access and control of communities to resources, the community perspective of needs in service delivery and resource mobilization, and the practice of participation in planning for service delivery. Respondents representing from minorities and the marginalized communities: ethnic, women, youth and so called lower caste *Dalits* were participated to get their views and experiences of local governance in interactive program, which was conducted in 24 districts of the country. Challenging issues as seen by SAP-Nepal study were lack of decisive local participation, lack of legal measures to integrate accountability at various level, lack of transparent system to facilitate regular information flow, and weak implementation of rule of law. To address these issues at local governance system, suggested steps to take are first; activate decisive participation, second, adoption of positive discriminatory policy, third, promotion of local self-employment mechanism and the last mechanism for information flow.

According to the World Bank managed governance assessment database, Nepal in the year 2002 ranks - 8.1% in political stability, 33.3% in voice and accountability, 35.6% in regulatory quality, 36.6% in government effectiveness, 37.6% in rule of law, and 46.9% in control of corruption. It would be relevant here to present the ideal and real situation of governance in Nepal in 2002. The Figure 05 gives a diagrammatic overview of both ideal and real situation of governance in Nepal in 2002.

Figure 4: Governance Situation in Nepal in 2002



Source: Data from World Bank (2003). Ideal situation added by the researcher.

Similarly, "Pro-poor Governance Assessment Nepal" edited by Stephen J. Keelign (2001), has carried-out a comprehensive study on governance situation in Nepal particularly at national level and local in general. This assessment was undertaken on seven themes: 1) Political System, 2) Private sector development, 3) Pro-poor policies and Resource, 4) Provision of Basic Services, 5) Access to Justice and Personal Security, 6) National Security and Conflict Prevention, and 7) Honest and Accountable Government. These seven themes are the key capabilities identified by DFID in its 'Strategies for Achieving the International Development Targets: Making Government Work for Poor People (2000)' that states need to develop to enable them to improve the lot of poor people internationally. This assessment was conducted mainly focusing on overall governance situation especially the extent of pro-poor governance in Nepal (ESP, 2001).

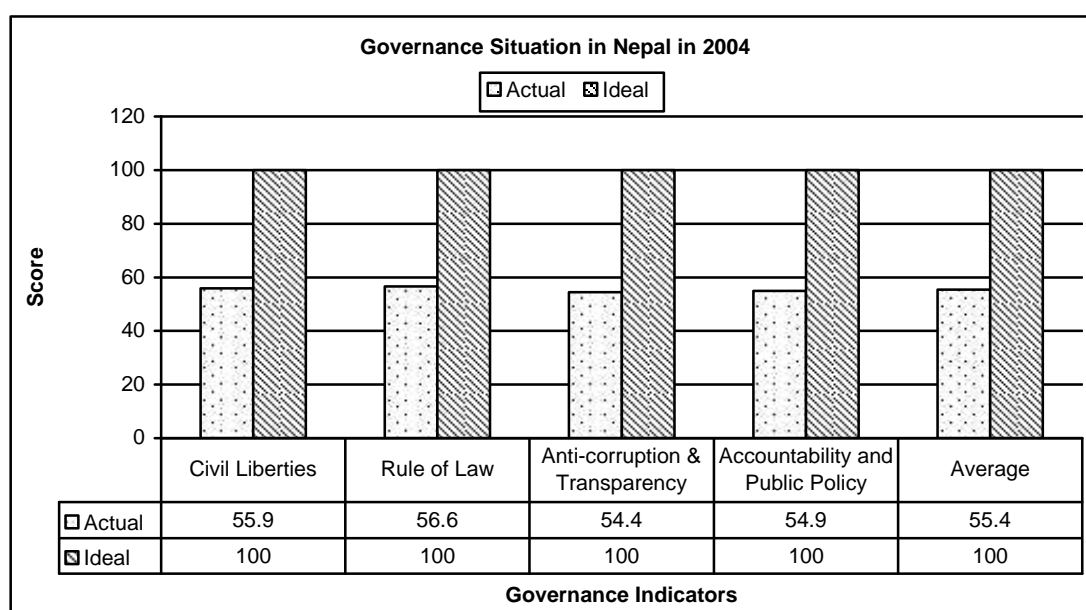
The main findings of this assessment include political instability, socio-economic disparities, social exclusion, illiteracy, poverty, unemployment, inadequate service delivery, abuse of authority, immature and selfish leaders,

young democracy, corrupt practices at all sectors and levels of government (the legislative, executive, and judiciary), policies that do not address the needs and priorities of the poor; weak links between policy and implementation; inefficient bureaucratic system; appointments in public service based on patronage rather than merit; inappropriate political involvement in administration matters; weak supervisory mechanism; civil society which has only a weak influence on government policy, and whose members sometimes pursue self-serving; poor public sector management, politicization, and over staffing in the public service, and its consequences for poor resulting in inadequate provision of services; insufficient protection of the rights of marginalized groups and poor personal security.

In the recent publication of Freedom House (FH) 'Countries at the Crossroads 2004' edited by Sarah Repucci and Christopher Walker (2004), has carried-out a unique survey of democratic governance on four thematic areas: civil liberties, rule of law, anti-corruption and transparency, and accountability and public policy. The purpose of the study was to give a deeper look through a systematic measurement of democratic governance that looks at the performance of the authorities in 30 countries that are at a critical crossroads in determining their political future. According to Nepal specific assessment conducted by Mr. Charles Graybow, Nepal has got 3.91 score in civil liberties, 3.96 score in rule of law, 3.81 score in anti-corruption and transparency, and 3.84 score in accountability and public policy (FH, 2004). These rating scores were based on a scale of 0 to 7, with 0 representing weakest and 7 representing strongest performance.

It would be quite relevant here to make a diagrammatic presentation of the ideal situation of governance envisioned by Freedom House and the actual situation of governance in Nepal in 2004. The Figure 05 gives a diagrammatic overview of both ideal and real situation of governance in Nepal in 2004.

Figure 5: Governance Situation in Nepal in 2004

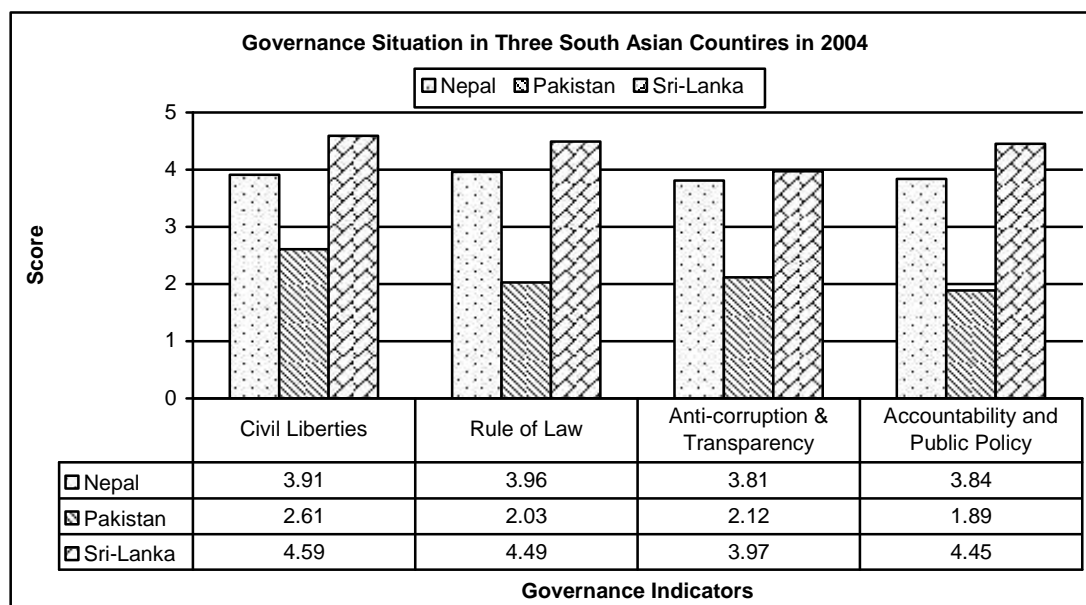


Source: Data from FH (2004). Researcher converted into percentile from and added the ideals

Freedom House has made some recommendation to improve the performance level on each thematic area. Summary of the recommendation include: to improve human rights training for the army and police, reform on property laws and other areas that discriminate against women, and hire more labor inspectors to better enforce labor laws; to end king's role as army commander and in appointing judges; raise judicial salaries, training staff; and fund for provision of legal texts; to hire foreign auditors to monitor customs and other key revenue sources - an admittedly drastic solution to a seemingly intractable corruption problem, publish government budget and other key financial statements and distribute more broadly, reduce the size of the civil service, create a leaner but better - paid bureaucracy, and streamline procedures for public access to routine documents; and to place state radio and television under the control of an independent broadcasting board; introduce a system of full merit-based hiring and promotion in the civil service; curb the king's role in politics in favor of elected officials; encourage grassroots civic and human rights education programs; and establish private, independent radio stations that can compete effectively against Radio Nepal.

Again, it would be useful to compare the provision of Nepal with other two South Asian countries that were included in a survey conducted by the Freedom House in 2004 considering them to be at the crossroads of democratic governance. The Figure 06 gives a diagrammatic overview of governance situation in three South Asian countries in 2004.

Figure 6: Governance Situation in South Asian Countries in 2004



Source: Data adopted from Freedom House (2004)

In summary, all available studies conducted to indicate good governance situation in Nepal, be it an assessment, a review, or a paragraph written in daily newspaper, were mostly listing problems of governance in Nepal and suggested for improvements. There were rarely any studies that talk about the facts and figures that would prove strengths of governance situation in Nepal. Similarly, in the formal to informal talks, be it the speech delivered by Ms. Nishimizu at the NDF 2002 on "A Crisis of Governance", or His Majesty King Gyanendra Bir Bikram Shah Dev's address at his Public Felicitations program in February 8, 2004 at Nepalgunj, or the word *Kushasan* (bad governance) mostly uttered by Nepalese people when gathered to discuss on governance, all have unanimously agreed that "good governance situation in Nepal is at the crossroads".

2.7 Good Governance and Forest management

Nepal is recognized as a world leader in community forestry. The Nepal experience illustrates the success and challenge of participatory community-based forest management. The enabling policy, legislation, and implementation of community forestry emerged out of the country's unique history and geography. Nepal has led the process of implementing community forestry, experimenting with what began as a new form of forestry management to improve forest resources, while meeting the needs of rural communities. Community forestry has had social and environmental successes. In its most successful cases, it has contributed to increasing Community-based groups in self-governance skills and democratic processes. Many people are better off with community forestry. At the same time, many forest conditions have improved and previously degraded forests near villages and settlements have been restored. Although community forestry has had numerous successes, experience from the past 25 years has produced ample lessons that, if analyzed, can provide policy makers information needed to fine-tune, adjust, and improve policy to meet the intended goals better. A large number of forests have been handed over since 1978. However, the change in legislation completed the revision of the process to legitimize the status. Therefore, the process became faster only after 1990. A study indicated that about 61 percent of the existing forest area is potential CF that means about 3.355 million hectare (5.5X0.61 m ha) of forest may be converted into CF in due course of time. By now about 362.552ha of forests, which comes, about 11 percent of the potential CF had been already handed over. If the rate of handing over remains that of 1994/95 it will take about 30 more years to convert all potential forests to CF. However, the rate of handing over is increasing rapidly. It will take not more than 20 years if everything goes well. Most of the easily accessible forests are already under Community Management. However demonstration effect of the program is so high that thousands of FUGs had applied for official process to hand over

CF and similarly, thousands of FUGs started to manage CF unofficially but effectively.

It is estimated that transparent, accountable participatory and predictable Civil Society Organizations (CSOs) or Community Forestry User's Group (CFUG) will have positive impact on poverty alleviation in the short run. In the end, there will be sustainable economic development of the people. Above all, it meets the aspirations and needs of the present generation without compromising the needs and aspirations of the future generations too. On the other hand, unaccountable, non-transparent, non-participatory and unpredictable CSOs will aggravate the situation of poverty in the short run destructing the environment and social inequality and weakening of CSOs in the end. The unreliable inequitable and untimely use of forests products not only weaken the institutional capacity of CSOs but also threaten the sustainability of forest ecosystem.

2.8 Emergence of Community Forestry Programs

The concept of CF crystallized somewhat in the late 1970, with the release of the landmark FAO publication *forestry for local community development* (FAO, 1978) where community forestry was defined as "any situation which intimately involves local people in a forestry activity". According to FAO, the community forestry departed from previous conceptions and centered on the idea of people participation getting local population to plan and execute their own project on a self-help basis.

In the beginning, community forest emerged in response partly to the failure of the forest industry development model to promote the socio-economic development and partly to the increasing rate of deforestation and forestland degradation in the third world. Indeed, it was recognized that these problems were interrelated and actually exacerbated by traditional approaches to forestry where little attention was given to relationship between the foresters and rural

poor (Gilmour and Fisher, 1991). The Community Forestry Program is also accepted as a strategy to overcome the problems posed by the private forest nationalization process in 1957 for forest conservation efforts in the country (Chhetri, 1990).

The program in Nepal is considered to be one of the highly successful programs. It is also considered as problem solving strategy. The Forest User groups are the means of achieving this goal. Forest in Nepal is an integral part of the farming system and is closely associated with the livelihood of the rural poor people as they derive the Forest Timber Products (FTPs) and Non-Timber Forest Products (NTFPs) (Chhetri, 1992). Forestry for local community development is a new people-oriented policy, which aims to raise the living standard of rural people and involve them in the decision-making process. Therefore, it is about rural people and for the rural people (FAO, 1978). The forest and its products are critical to the livelihoods of millions (Oakley, 1991). Therefore, it must be viewed with the rural life.

Community Forestry is defined as 'Small Scale' village level forestry practices where decisions and actions are made on a collective basis. The rural people participate in planning, establishment, management and harvesting of forest resources and receive a major proportion of the socio-economic and ecological benefits from the forest products". After the implementation of CF, these products are equally distributed to all the CFUG members. In addition to it, people have started getting different training opportunities as well as they come in contact with different NGOs and INGOs. This contact helps them in planning the community forest for poverty alleviation through income generation (Gautam, 2001). Pokhrel (2004) rightly examines that community forestry has become instrumental in increasing natural, social, human, financial and to some extent physical capital (quoted in Bhandary, 2004, The Kathmandu Post). In order to maximize the benefits from community forestry, it is vital to ensure that the implementation process used to lead to an effective empowerment to the actual user of the forest. Special care need to be taken to

ensure that the poor and other disadvantage groups are not absolutely worse off during any community forestry interventions exercise (Bartlett, 1991).

2.9 Different Forest Related Policies under Different Regime

Table 3: Different Forest Related Policies under Different Regime

| Regime | Forest policy | Objective | Ownership | Impact |
|---|--|--|---|---|
| Gorkha Empire (1768-1846) | - | The forest of Terai, the plain bordering to India were mentioned as a physical barrier against possible invasion from the South by East-India. | The state asserted its ownership of natural resources to institutions and individuals as a privilege in the form of Birta, Khorja and Rakam (Hoble, 1996) | - |
| Rana Regime (1946-1951) | - | Revenue collection to earn wealth by selling Sal forests. | One third of the forests of Nepal were under Birta tenure and three quarters of this belong to Rana family. | Mass removal of Sal and Sisoo from terai forests. |
| First Democratic Period (1951-1961) | Forest Nationalization Act- 1957 | For revenue collection and control over forest resources. | State had ownership over forest land. | Reckless deforestation and encroachment of forest land for settlement. |
| Panchayat Regime (1961-1990) | -Several Forest related acts formulated and amended. -Formally initiated Community Forestry Program in late 1970s. -Introduced policy of Panchayat Forest (PF) and Panchayat Protected Forest (PPF) in 1978. -Master Plan for Forestry Sector (MPFS) in 1989. | Decentralizing forest management for forest protection as a right of protection and utilization to local administrative unit and local people. | State had ownership over forest land and decisions remained with the government services. | -People's participation in forest management lacking and deforestation process continued. -The resettlement program intensified the process of deforestation. |
| Second Democratic Period (1990 onwards) | New Forestry Policy-1993 | To handover National Forest to the local community for forest management. | Community People | Development of ownership resulted gradual improvement in forest condition in some places. But, CFs in some places experienced reckless deforestation because of mismanagement of the forests. |

2.10 Forest in Tenth Plan

The Tenth plan (HMG/NPC, 2002) has emphasized on forestry sector to support national objective of poverty alleviation by ensuring people's participation needed for sustainable development of management and biodiversity conservation along with increasing employment opportunities through the development of forest based industries.

CHAPTER III

RESEARCH METHODOLOGY

This chapter briefly discusses about the description of the study site and rationale for the selection of the site, research design, nature and sources of data, sampling procedure, variables and their operationalization, data collection techniques, reliability and methods of data analysis

3.1 Study Site Description and Rationale for the Selection of the Study Site

Chaurikharka VDC of Solukhumbu district has been selected as the study site for an assessment of good governance in CFUG in the research. It is one of the remote districts of Nepal having fragile ecology. Mt. Everest is situated in the lap of Solukhumbu district. Thus, this region holds immense potentiality of tourism development. The main source of livelihood of people in this region is tourism. It is the second largest destination of trekkers and mountaineers in Nepal after Annapurna region. However, due to the over flow of tourists in this region, the fragile ecology is rampantly destroyed and has posed a serious threat on environment. If the delicate mountain ecology goes on destroying in the same pace, not only the status of forestry but also the future of tourism would be questionable. Primarily, this bleak situation is created due to bad governance in the region. Hence, an attempt is made to assess the challenges of good governance in the Himalayan Buffer Zone Community Forestry Users Group (HBZCFUG), Chaurikharka-1, Solukhumbu. The researcher believes that economically diverse district would be a suitable representative to have better insights of good governance in CFUG, which can represent to the rich and poor, literate and illiterate community groups of Nepal. Furthermore, no research work has ever made in these CFUG.

Himalayan Buffer Zone Community Forestry Users Group (HBZCFUG) was formally registered in the District Forest Office, Solukhumbu in the fiscal year

2054/55 BS. with the initiation of local people, the Sagarmatha National Park (SNP), Sagarmatha Agro Forest Project (SAFP) and World Wild Fund for Nature (WWF).It has a total of 86 households comprising 18 permanent and 68 temporary. About 389 people have been benefited from this forest. The total area of this forest is about 5153.5 hectare. There are fifteen (15) members in the Executive Committee (EC) of this CFUG.Election is carried out every after two (2) years. Among the eight (8) CFUGs in the VDC, this CF is the most successful of all. It is a matter of joy to mention here that this CFUG had received Abraham Conservation Award in 2002 from WWF. Being situated between Mountain Thamsherku and Mount Makalu-Barun National Park to the east, Mount Kongde to the west, Sagarmatha National Park to the north and Benkar VDC to the south, Himalayan Buffer Zone Community Forestry is the home of animals like Tiger, Jackal, Leopard, Mountain Bear, Kasturi, Deer, Red Panda, etc. Birds like Lhopophorus (Danphe), the national bird; Kaliz, Owl, Crow, etc. are found in this forest. It has been managed by mixed executive committee members but with majority males. The objective of this CFUG include: (a) protection and preservation of forest wildlife, (b) sustainable use of forest products, (c) control of environmental pollution, (d) afforestation in the barren land and (e) development of eco-tourism making the jungle green and thick. This CFUG, is believed to be the true representative CFUG to represent the real status of good governance in CFUGs in Solukhumbu district in specific and Nepal in general.

3.2 Research Design

- ❖ The nature of the research was both descriptive and exploratory.
- ❖ It was descriptive since it was based on detail investigation and records of the study area.
- ❖ It was exploratory as the information derived from the study was centered for analyzing the challenges of good governance in HBCFUG.

3.3. Nature and Sources of Data

The research was based on both primary and secondary data. The primary data were collected through household survey, focus group discussion, observation, PRA and RRA, and key informants interview. Likewise, secondary data were collected from various published/unpublished literatures and organizations related to community forestry and good governance.

3.4 Sampling Procedure

- ❖ Out of more than 100 CFUGs in Solukhumbu, Himalayan Buffer Zone Community Forestry User Group, Chaurikharka-1 was the universe of the study.
- ❖ Selection of sample CFUG was based on the purposive sampling as it is one of the successful CFUGs in Nepal managed by both male and female members.
- ❖ Eighty (80) respondents were randomly selected from the CFUG through stratified sampling method. Similarly, sixteen (16) key respondents were taken purposively for key informants interview based on gender and marginalized groups.

3.5 Variables and their Operationalization

Table 4: Variables and their Operationalization

| S.N. | Variables | Operationalization |
|-------------|------------------|---|
| 1. | Accountability | Are CFUG members accountable, are CFUG members responsible, are CFUG members committed and competent to solve the disputes, etc. |
| 2. | Transparency | Access to information, record keeping of all the activities, plans and programs. |
| 3. | Benefit sharing | Equitable distribution or not, co-relation of contribution and benefits or not, benefits penetrated to the grassroots level or not, etc. |
| 4. | Leadership | Dominance of gender/elite/caste, inclusion of marginalized section, effective or destructive, etc. |
| 5. | Participation | Participation of women and disadvantaged groups or not, is participation satisfactory, participation in resource mobilization is appropriate or not, etc. |
| 6. | Predictability | Fair and consistent application of laws, regulations and policies or not, existence of rule of law or not, network with functional and other stakeholder organizations or not, goals, objectives and strategies are sustainable or not, etc |

3.6 Data Collection Techniques/Instruments

Following techniques were adopted to collect primary data from the study site.

❖ Well being Ranking

Well-being ranking is a method of Participatory Rural Appraisal (PRA). Poor, disadvantaged and women were identified by focus group discussion and from the help of key persons of the area.

❖ Household Survey

A total of 80 households were surveyed to gather information. From each household, based on gender composition, one member who was found reliable for the study was selected to carry out the research. For this, structured questionnaire was used.

❖ Observation

The researcher had observed the physical setting and the relationship of local people with the executive members, the staff of SNP, Forest Ranger, etc. to assist the findings of the study. Observation sheet was prepared as an instrument for observation.

❖ Focus Group Discussion

The stakeholders of the forest were gathered together to find out the status of good governance in the CFUG. Participatory Rural Appraisal (PRA) was applied to discuss various issues and problems of good governance in the CFUG and the relationship of local people with the leaders and executive members of the CFUG.

❖ Key Informants Interview

To obtain the real situation of good governance in the CFUG, the researcher had organized interview with the key persons like local elites, DFO Ranger, CFUG

Chairman, VDC Chairman, Women Social Mobilizers, teachers, staff of range post, community-based representative personnel of WWF, local leaders, members of the CFUG Committee and Federation of CFUG.

❖ **Ethical Consideration, Social Immersion and Rapport Building**

The researcher had applied these methods and adopted flexible approach to make congenial environment for the respondents to speak freely and frankly. Moreover, environment of trust and secrecy was maintained to gather information that is more relevant.

3.7 Reliability

To ensure the reliability of the research, due consideration and attention was given to the sample size. Furthermore, to minimize the errors to a greater extent, the findings were tested to the minimum four times.

3.8 Method of Data Analysis

- ❖ The collected data were edited, coded, classified and tabulated for better analysis.
- ❖ The quantitative data has been presented in tabular form and suitable statistical tools like percentage, ratio, mean, etc have been broadly used for data analysis and interpretation. Data have been presented in the bar diagrams to make more attractive.
- ❖ The qualitative data have been interpreted and analyzed in a descriptive manner based on their numerical characteristics.

CHAPTER IV

RESULTS AND DISCUSSIONS

This chapter briefly deals with tabulation, analysis and interpretation of data and findings obtained through the field survey. An attempt is made to present the results in a systematic way.

4.1 Election

A free and fair election is one of the processes of good governance. An electoral system is one of the most important mechanisms for shaping political competitions. According to Giovanni Sartori, the electoral process is "the most specific manipulable instrument of politics" which is purposively designed to achieve particular outcomes. The electoral system covers three main functions. Firstly, it acts as the conduct through which the people can hold their elected representatives accountable. Secondly, it translates the votes cast into seats won in a legislative chamber. Thirdly, different electoral systems structure the boundaries of "acceptable" political discourse in different ways, and give incentives to those competing for power. In a democratic system of governance, an election is a political right for the self-determination of the people. An election provides the electorate an opportunity to be its own ruler. It is an ultimate security against the usurpation on the part of rulers or a sine-qua-non for an effective democracy. Election procedure determines the level of good governance. It goes without saying that fair, free and timely election is the main foundation of good governance. Election for the executive body of the Himalayan Buffer Zone Community Forestry User Group is held every after two years. However, the election can be postponed for one year more in some special cases. Moreover, almost all the respondents had responded that they were informed about the election procedure during the election time.

Table: 5 Satisfaction Level of the Respondents with the Election Procedures of the Leadership

| Response | No. of respondents | Percent |
|-----------------------------------|---------------------------|----------------|
| Satisfaction | 54 | 67.5 |
| Dissatisfaction | 26 | 32.5 |
| Total | 80 | 100 |
| Reasons of dissatisfaction | No. of respondents | Percent |
| Dominance of elites | 15 | 58 |
| Unhealthy competition | 5 | 19 |
| Nepotism/favoritism | 6 | 23 |
| Total | 26 | 100 |

Source: Field Survey, May 2006

The above table (5) shows the satisfaction level of the respondents with the election procedures of the leaders. About 67.5% of the respondents were satisfied with the election procedures, while about 32.5% were not satisfied. The reasons behind their dissatisfaction were dominance of the elites, unhealthy competition and favoritism and nepotism. But majority of the respondents, who were satisfied, were from the proximity areas of the community forest. Thus, it can be judged that fair and democratic election is the prime need of the area.

4.2 Decision Making Process

Participatory and vision-oriented decision-making process is the need of the hour. It is such a decision making process that determines the status of governance system. Both men and women without any discrimination should have say in the decision making process of any organization. Apart from this, poor and marginalized section should also be included in it. Generally, in the regions where there is dominance of males and elites, the governance system is found to be weak. Thus, for the spirit of good governance to be kept alive, a fair decision-making process with the involvement of both men and women from the poor and the rich sections is

essential. In the following table, an attempt has been made to present the satisfaction level of the respondents on the functioning of executive committee members.

Table 6: Distribution of the Respondents on Satisfaction Level based on Executive Committee's Functioning

| Response | No. of respondents | Percent |
|----------------------|---------------------------|----------------|
| Functioning well | 14 | 17.5 |
| Not functioning well | 66 | 82.5 |
| Total | 80 | 100 |

Source: Field Survey, May 2006

While analyzing whether the incumbent executive committee was functioning well or not, about 17.5% of the respondents said that the executive committee was functioning well, whereas about 82.5% responded that it was not functioning well. They (82.5%) exposed that the Executive Committee (EC) could not work as per the statute. Furthermore, they claimed that the EC had misused their funds.

Responding the researcher's query related to the EC's coordination and cooperation with VDC, DDC and SNP, majority (82.5%) of the respondents said that the EC had accomplished the task properly, while about 12.5% revealed that it failed in this regard. From the field survey, the researcher had also asked the respondents whether they were informed while making major decisions or not. About 85% informed the researcher that they were informed but their voice was not considered in the decision-making process, the remaining 15% said that they were not informed of it.

Table 7: Distribution of Respondents in Decision-making Process and their role based on Literacy

| S. No. | Role | Literate | | Illiterate | | Total | |
|--------|------------|----------|---------|------------|---------|-------|---------|
| | | No. | Percent | No. | Percent | No. | Percent |
| 1 | Proposer | 6 | 19.35 | 2 | 4.8 | 8 | 10 |
| 2 | Supportive | 11 | 35.48 | 4 | 8.16 | 15 | 18.75 |
| 3 | Decisive | 4 | 12.90 | 0 | 0 | 4 | 5 |
| 4 | Passive | 10 | 32.25 | 43 | 87.75 | 53 | 66.25 |
| Total | | 31 | 100 | 49 | 100 | 80 | 100 |

Source: Field Survey, May 2006

The above table (7) shows the role of respondents in the decision-making process. Of the total respondents of the CFUG members who participated regularly or irregularly in decision-making process, 66.25% had no role in decision-making process followed by 18.75% with supportive role. If their educational level is taken into account, 87.75% of them had played passive role due to illiteracy. Similarly, for those who were literate, 19.35% had positive role. Thus, it has become clear that education plays a pivotal role in decision-making process. In the table above, those who are literate had participated widely and had major roles in the decision-making process.

Active participation promotes transformation. Participation in development should be broadly understood as an active involvement of people in decision-making process as far as it affects them (Uphoff and Cohen, 1979). Hence, participation of people in decision-making process in this CFUG is not satisfactory; may be due to less accountability on the part of leaders toward its members and dominance of elites. Therefore, making the leaders more accountable and changing the attitude of elites is a must.

4.2.1 Satisfaction Level of the Respondents in Decision-making Process

There should be reciprocal relationship between the leaders and people. It is believed that people have given their mandate to rule sagaciously. Leaders should always try to articulate the interest of people. If the leaders create distance with the people, there is high possibility of promoting clash of interests and conflicts, which ultimately hamper in realizing the desired level of satisfaction. The satisfaction level of the respondents in decision-making process of the CFUG is presented in the table below:

Table 8: Distribution of Respondents based on Satisfaction Level in Decision-making Process

| Satisfaction | Respondents | |
|--|-------------|---------|
| | Number | Percent |
| Positive | 15 | 18.75 |
| Negative | 65 | 81.25 |
| Total | 80 | 100 |
| Causes of Dissatisfaction | | |
| Poor management of executive committee | 15 | 23.7 |
| Less presence of members | 15 | 23.7 |
| Untimely arrangement of meetings | 10 | 15.38 |
| Dominance of elites | 25 | 38.46 |
| Total | 65 | 100 |

Source: Field Survey, May 2006

During the course of assessing the level of satisfaction of the respondents in decision-making process, about 18.75% were found satisfied, while a big mass of about 81.25% were found dissatisfied with FUG committee. The main reasons for their dissatisfaction were poor management of EC, less presence of members, untimely arrangement of meetings and dominance of elites. Thus, it can be predicted that lack of impressive leadership quality, mass illiteracy, less accountable FUG committee members towards users and dominance of elites were

the major causes behind the ineffectiveness of the people's participation in decision-making process in the CFUG.

4.3 Resource Generation and Mobilization

Resource mobilization in a transparent and systematic manner is necessary. Conflict arises due to unfair mobilization and unequal sharing of resources. It is generally argued that the people who actually collect forest products must participate in forest management, or otherwise they follow unrealistic prescription (Fissher and Malla, 1967). There is no denying the fact that resource mobilization is one of the most important responsibilities of any organization.

In the case of HBZCFUG, forest products like firewood, green grass, fodder, litter, log, herbs, etc, are generated.

They have been mobilized as per the decision made by the general assembly. The fund accumulated from the forest products sale is mobilized in the following sectors: 50% in forest management, 30% in community development and 20% in office operation and management. Recently, the HBZCFUG has constructed its office with the investment of about Rs. 400,000 from its own resource. However, the major constraints of resource mobilization are presented in the table below on the basis of respondents' responses.

Table 9: Distribution of Respondents on the Major Constraints of Resource Mobilization

| S.No. | Constraints | No. of respondents | Percent |
|-------|-------------------------------|--------------------|---------|
| 1 | Cumbersome legal procedure | 14 | 17.50 |
| 2 | Less effective administration | 24 | 30 |
| 3 | Poaching | 17 | 21.25 |
| 4 | Unconscious users | 15 | 18.75 |
| 5 | Less production of products | 10 | 12.50 |
| Total | | 80 | 100 |

Source: Field Survey, May 2006

The Table (9) above indicates that about 17.5% of the respondents had the problem of cumbersome legal procedure and about 30% said that the administration was less effective. Similarly, about 21.25% complained of poaching, about 18.75% said that the users themselves were unaware about their resources and about 12.5% revealed that less production of the forest products was the major challenge of resource mobilization.

Hence, it can be predicted that the governance system is not satisfactory in this CFUG. About 30% complained about the administrative performance of the executive committee. If the administrative efficiency is improved, the other problems will be solved automatically, ensuring good governance.

4.4 Conflict Management

Conflict is a social phenomenon comprising governments, communities and individuals, and paradoxically a "necessary evil" usually conceived for a better transformation of a social milieu. For Aristotle the principal cause of revolution or conflict is the aspiration for economic or political equality on the part of the common people, who lack it, and the aspiration of oligarchs for greater inequality than they have, i.e., a discrepancy in both instances between what people has of political and economic goods relative to what they think is justly theirs. Thus, violent conflicts are also being considered to be the most pressing reasons behind the work for good governance. However, if conflicts are not managed in time, social disorder, mismanagement and social terror can be created in the society.

When we talk of HBZCFUG, primarily, conflicts are occurred on distance to the forest, formation of executive committee, benefit sharing and with neighboring CFUGs. Until the date, such conflicts have been solved through negotiation, talks and mediation of responsible agency. However, majority of the respondents were found unsatisfied with the conflict resolution process.

Table 10: Satisfaction Level of the Respondents with the Conflict Resolution Process and the Reasons behind their Dissatisfaction

| S. No. | Response | No. of respondents | Percent |
|----------------------------------|--------------------------------------|--------------------|---------|
| 1 | Satisfaction | 25 | 31.25 |
| 2 | Dissatisfaction | 55 | 68.75 |
| Total | | 80 | 100 |
| Causes of dissatisfaction | | | |
| 1 | Dominance of elites | 22 | 40 |
| 2 | Nepotism & favoritism | 13 | 23.63 |
| 3 | Monopoly nature of executive members | 12 | 21.82 |
| 4 | Negligence of poor | 8 | 14.54 |
| Total | | 55 | 100 |

Source: Field Survey, May 2006

When we analyze the figure in the table (10), it can be seen that about 68.75% were not satisfied with the conflict resolution process and the rest 31.25% were satisfied with the conflict resolution process. Those who were satisfied, majority of them were from near by the forest. While assessing the reasons behind their dissatisfaction, the respondents said that dominance of elites; nepotism and favoritism, monopoly nature of executive members and negligence of poor were the major causes behind their dissatisfaction.

Hence, the reasons of dissatisfaction seem correct to a greater extent. So, unless these problems are solved with collective and integrated approach the concept of good governance remain as dream. Bold action is the need of the hour, and good governance must be given immediate priority rather than postponing it for a later date.

4.5 Activities related to Good Governance Practice

Good Governance is the pillar of success in any organization. To examine the status of good governance practice of leaders and staff of the CFUG, accountability, transparency, participation and predictability were taken as the principal elements. Interrelating these core characteristics are mutually reinforcing and cannot stand-alone. For example, accessible information means more transparency, broader participation and more effective decision-making. Broad participation contributes both to the exchange of information needed for effective decision-making and for the legitimacy of those decisions. Legitimacy, in turn, means effective implementation and encourages further participation. In addition, responsive institutions must be transparent and function according to the rule of law if they are to be equitable. These core characteristics represent the ideal - and no society has them all. It is believed that societies should aim through broad-based consensus building, to define which of the core features are most important to them, what the best balance is between the state and the market, how each socio-cultural and economic setting can move from here to there.

4.5.1 Accountability

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general, an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law. Decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to an organization. In brief, accountability means government is

able and willing to show the extent to which its actions and decisions are consistent with clearly defined and agreed-upon objectives.

In the present research, responsibilities and duties, commitment, meetings and general assembly, procedure of conducting activities and implementing policies were considered as the sub-elements of accountability and they were properly assessed to analyze the level of accountability in the CFUG.

Table 11: Satisfaction Level of the Respondents on Accountability of the Leaders

| S.No. | Level of Satisfaction | No. of respondents | Percent |
|-------|-----------------------|--------------------|---------|
| 1 | Satisfied | 30 | 37.75 |
| 2 | Dissatisfied | 50 | 63.25 |
| Total | | 80 | 100 |

Source: Field Survey, May 2006.

While analyzing the satisfaction level of respondents on accountability of leaders, it was found that about 37% of the respondents were satisfied and about 63% were found dissatisfied. Thus, it can be judged that the situation of transparency is discouraging. Moreover, it can be analyzed that poor accountability represents bad governance. Definitely, bad governance hinders development. To foster developmental activities, good governance should be flourished.

Duties and responsibilities, commitment, decision-making process, and procedure of conducting activities and implementing policies were considered as the sub-elements of accountability. Hence, to analyze the influence of sub-elements over the main element of good governance, the researcher had further explored the satisfaction level of the respondents on each sub element. Satisfaction level of the respondents towards accountability of their leaders with each sub-element is presented in the table below.

Table 12: Assessment of Accountability of the Leaders of the CFUG

| S. No. | Sub-elements of accountability | Satisfied number | Percent | Dissatisfied number | Percent |
|---------------|--|-------------------------|----------------|----------------------------|----------------|
| 1 | Responsibilities& duties | 30 | 37.5 | 50 | 62.5 |
| 2 | Commitment | 35 | 43.75 | 45 | 56.25 |
| 3 | Meetings & general assembly. | 25 | 31.25 | 55 | 68.75 |
| 4 | Procedure of conducting activities and implementing policies | 28 | 35 | 52 | 65 |
| | Average | 29.5 | 36.87 | 50.5 | 63.12 |

Source: Field Survey, May 2006.

The table 12 above shows that about 37.5 % of the respondents were satisfied with the duties and responsibilities of the leaders, while about 62.5% of them were not satisfied with the duties and responsibilities of the leaders. Similarly, about the commitment of the leaders, about 43.75% were satisfied and about 56.25% were not satisfied. In the same way, about 31.25% of the respondents were satisfied with the process of meetings and general assembly and about 68.75% were not satisfied. Likewise, about the procedures of conducting activities and implementing policies, 35% of them were satisfied, while about 65% were not satisfied. On average, only 37% of the respondents were satisfied with accountability of the leaders.

Thus, from the above scenario one can easily predict that the status of accountability of the leaders was not satisfactory. This ultimately promotes bad governance. If the same situation remains for further longer period, the sustainability of the CFUG would be questionable.

4.5.1.1. Accountability of the staff towards leaders and the users

Not only the leaders but also the staff should be accountable to their leaders and the users. If both leaders and staff are found accountable, then the thrust of good governance system can be realized. Good governance can only be flourished if all the staff, leaders and the users as well are accountable to the duties and responsibilities entrusted to them. In the following table, an attempt is made to measure the satisfaction level of the respondents on accountability of the staff towards their leaders and the users.

Table 13: Satisfaction Level of the Respondents on Accountability of the Staff

| S.No. | Level of Satisfaction | No. of respondents | Percent |
|-------|-----------------------|--------------------|---------|
| 1 | Satisfied | 34 | 42.5 |
| 2 | Dissatisfied | 46 | 57.5 |
| Total | | 80 | 100 |

Source: Field Survey, May 2006

The above table (13) shows that about 42.5% of the respondents were satisfied with the accountability of the staff towards leaders and the users. However, about 57.5% were not satisfied with the accountability of staff towards leaders and the users. Therefore, it can be explored that there is no good governance. Good governance demands rich accountability. When the sub-elements of accountability were assessed, following figure was depicted from the respondents.

Table 14: Sub-elements of Accountability of the Staff towards the Leaders and the Users

| S. No | Sub-elements of accountability | Satisfied no. of respondents | Percent | Dissatisfied no. of respondents | Percent |
|--------------|---|-------------------------------------|----------------|--|----------------|
| 1 | Responsibilities and duties | 36 | 45 | 44 | 55 |
| 2 | Commitment | 34 | 42.5 | 46 | 57.5 |
| 3 | Meetings and general assembly | 28 | 35 | 52 | 65 |
| 4 | Procedures of conducting activities and implementing policies | 38 | 47.5 | 42 | 52.5 |
| Average | | 34 | 42.5 | 46 | 57.5 |

Source: Field Survey, May 2006

When assessing the sub-elements of accountability, 45% were satisfied with the responsibilities and duties of the staff while about 55% were not satisfied. About the commitment of the staff, 42.5% of the respondents were satisfied where as about 57.5% were dissatisfied. Similarly, about 35% were satisfied with the meetings and general assembly but about 65% were not satisfied. In the same way, about 47.5% respondents were satisfied with the procedures of conducting activities and implementing policies. Nevertheless, about 52.5% were not satisfied. On average, only about 42.5% of the respondents were satisfied with the accountability of the staff towards leaders and the users. Hence, there is no denying the fact that the situation of accountability of staff towards their leaders and users is poor. After analyzing the sub-elements of accountability, one can easily point out that good governance in HBZCFUG is at the crossroad.

4.5.2 Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

Resource and income, activities and expenditure, plans and programs and record keeping were taken as the sub-elements of transparency. During the course of analyzing the influence of the sub-elements over the main element, the researcher had analyzed the level of satisfaction against each sub-element. The finding is presented in the table below:

Table 15: Sub-elements of Transparency and the Respondents' Level of Satisfaction

| S. No. | Sub-elements of transparency | Satisfied no. of respondents | Percent | Dissatisfied no. of respondents | Percent |
|---------------|-------------------------------------|-------------------------------------|----------------|--|----------------|
| 1 | Resource and income | 34 | 42 | 46 | 58 |
| 2 | Activities and expenditure | 28 | 35 | 52 | 65 |
| 3 | Plans and programs | 32 | 40 | 48 | 60 |
| 4 | Record keeping | 36 | 45 | 44 | 55 |
| Average | | 33 | 40 | 47 | 60 |

Source: Field Survey, May 2006

During the course of analyzing the satisfaction level of the respondents on the sub-elements of transparency, it was explored that about 42% respondents were satisfied with resource and income generation where as about 58% of the respondents were not satisfied. Similarly, about 35% of the respondents were

satisfied with the activities and expenditure of the CFUG while about 65% were not satisfied. Regarding the plans and programs of the CFUG, about 40% of the respondents were satisfied and about 60% dissatisfied. About record keeping, 45% of the respondents were found satisfied while about 55% of the respondents were found dissatisfied. On average, only about 40% of the respondents were found satisfied with the transparency of the leaders of the CFUG. The table below presents the average satisfaction level of the respondents with regard to transparency:

Table 16: Status of Transparency

| S.No | Level of Satisfaction | No. of respondents | Percent |
|-------------|------------------------------|---------------------------|----------------|
| 1 | Satisfied | 33 | 40 |
| 2 | Dissatisfied | 47 | 60 |
| Total | | 80 | 100 |

Source: Field Survey, May 2006

It is seen that about 40% of the respondents were satisfied while about a big mass of about 60% were not satisfied with the status of transparency of the leaders of the CFUG. Thus, it becomes clear that the situation of transparency is not good in the CFUG. The leaders of the CFUG are not transparent in their activities.

4.5.3 Participation

People's participation is an integral part of development process. It is the process of involvement of people in planning, decision-making, implementing programs, monitoring, evaluation and benefit sharing. Participation should be viewed as one, which respects the knowledge of the people of all walks of life like poor, marginalized, both men and women including the vulnerable ones. As S. Paul says, "Community participation is an active process by which beneficiary or client groups influence the direction and execution of a development project with a view to enhancing their well being in terms of income, personal growth, self reliance or other values they cherish". No doubt, if development projects are imposed from outside following top-down approach without considering the people's felt needs

and aspirations, such projects loose sustainability. Thus, local people should not be considered only as mere beneficiaries rather they should be taken as partners in the development process so that they feel ownership in the programs and they themselves come forward with new ideas, enthusiasm and excitement to make the programs a success.

In the present research, participation of women and marginalized section in leadership position, decision-making process, and program implementation process were considered as the sub-elements of participation to assess the status of people's participation in the study area. The findings are presented in the table below:

Table 17: Level of Satisfaction of the Respondents with the Sub-elements of Participation

| S. No | Sub-elements of participation | Satisfied no. of respondents | Percent | Dissatisfied no. of respondents | Percent |
|---------|--------------------------------|------------------------------|---------|---------------------------------|---------|
| 1 | Leadership process | 30 | 37.5 | 50 | 62.5 |
| 2 | Decision-making process | 32 | 40 | 48 | 60 |
| 3 | Program implementation process | 28 | 35 | 52 | 65 |
| 4 | Resource mobilization process | 30 | 37.5 | 50 | 62.5 |
| Average | | 30 | 37.5 | 50 | 62.5 |

Source: Field Survey, May 2006

Table 17 above indicates that about 37.5% of the respondents were satisfied with the participation of women and marginalized section in leadership process. Similarly, about 40% were satisfied with the participation of women and marginalized section in decision-making process, while about 60% were dissatisfied. Likewise, only about 35% of the respondents were satisfied with the program implementation process and about 65% were dissatisfied. In the same way, only about 37.5% of the respondents were satisfied with the process of resource mobilization and about 62.5% were dissatisfied.

The prime cause of dissatisfaction in response to the marginalized section in leadership process is due to less representation of women and marginalized section in the key four position of decision-making in the main committee. Although the provision of five female members' representation is mentioned in the statute but in practice, there is no representation. It is mainly because of the male domination and reluctance of women themselves. For the cause of their reluctance, they had responded that they had no significant role in the decision-making process. Women and disadvantaged groups are often neglected. Socially and culturally determined inequality between men and women, between so-called higher class and the lower class has badly affected the level of participation in any section of organization or institution.

The table presented below presents the average level of satisfaction considering the four sub-elements of participation.

Table 18: Average Satisfaction Level of the Respondents on Participation

| S. No | Level of satisfaction | No. of respondents | Percent |
|-------|-----------------------|--------------------|---------|
| 1 | Satisfied | 30 | 37.5 |
| 2 | Dissatisfied | 50 | 62.5 |
| Total | | 80 | 100 |

Source: Field Survey, May 2006

In the table 18 above, average satisfaction level of the respondents on participation is presented. The researcher had found out that about 37.5% of the respondents were satisfied with the level of participation, while about 62.5% were not satisfied with the status of participation.

Hence, it can be predicted that when majority of the respondents are not satisfied with the status of participation, the sustainability of any organization is doubtful. Therefore, the participation of women and marginalized and disadvantaged section should be immediately improved in the HBZCFUG for its sustainability and longevity.

4.5.4 Predictability

Predictability refers to (i) the existence of laws, regulations, and policies to regulate society; and (ii) their fair and consistent application. The importance of predictability cannot be overstated since, without it, the orderly existence of citizens and institutions would be impossible. The rule of law encompasses both well-defined rights and duties, as well as mechanisms for enforcing them, and settling disputes in an impartial manner. It requires the state and its subsidiary agencies to be as much bound by, and answerable to, the legal system as are private individuals and enterprises.

The importance of rule-based systems for economic life is obvious. They are an essential component of the environment within which economic actors plan and take investment decisions. Therefore, the legal frameworks help ensure that (i) business risks can be assessed rationally, (ii) transaction costs are lowered, and (iii) governmental arbitrariness is minimized, they should prove conducive to risk taking, growth, and development. In the opposite scenario, the capricious application of rules generates uncertainty and inhibits the growth of private sector initiatives. Regulatory uncertainty also tends to raise the cost of capital by increasing the risk of investment.

Besides legal and regulatory frameworks, consistency of public policy is also important. Government policies affect the investment climate directly and economic actors require reasonable assurance about the future behavior of key variables such as prices, the exchange rate, and employment levels, etc. However, consistency does not mean rigidity. Governments do need to respond flexibly to changing circumstances and to make mid-course corrections, as necessary. Also, when governments change, the successor administration will understandably want public policy to reflect its priorities, rather than those of its predecessor. Barring

such situations, though, consistency in the broad directions of government policy is valuable (with modifications being limited, as far as possible, to fine-tuning).

Predictability can be enhanced through appropriate institutional arrangements. For example, it has been argued that an autonomous central bank could lead to more predictable monetary and exchange rate policies. Many governments face the challenge of regulating money supply, while pursuing expansionary fiscal policies to encourage investment. In such situations, if monetary policy is too accommodating, inflationary pressures can put investor confidence at risk, thus defeating the very objective of the fiscal policy. In some countries, managing the fiscal deficit may be made more difficult by compulsions to bail out a politically manipulated banking sector. Granting greater autonomy to the central bank is one way that governments can signal investors that macroeconomic policy will be prudent and sound. Insulating economic ministries from political pressures can have similar benefits, but may be even more difficult to achieve.

Policies and guidelines, networking, coordination and cooperation and goals and objectives were considered as the sub-elements of predictability to assess the level of predictability in this CFUG. The figure drawn from the research is presented in the table below:

Table 19: Level of Satisfaction of the Respondents with the Sub-elements of Predictability

| S.No | Sub-elements of predictability | No. of satisfied respondents | Percent | No. of dissatisfied respondents | Percent |
|---------|--------------------------------|------------------------------|---------|---------------------------------|---------|
| 1 | Coordination and cooperation | 34 | 42.5 | 46 | 57.5 |
| 2 | Guidelines and policies | 32 | 40 | 48 | 60 |
| 3 | Networking | 28 | 35 | 52 | 65 |
| 4 | Goals and objectives | 30 | 37.5 | 50 | 62.5 |
| Average | | 31 | 38.75 | 49 | 61.25 |

Source: Field Survey, May 2006

While analyzing the sub-elements of predictability, the researcher had found that about 42.5% of the respondents were satisfied with the coordination and cooperation of the CFUG leaders while about 57.5% were not satisfied. Similarly, about 40% of the respondents were satisfied with the policies and guidelines of the CFUG leaders; however, about 60% were not satisfied. In the same way, about 35% of the respondents were satisfied with the networking of the leaders of the CFUG whereas; about 65% were not satisfied. Likewise, about 37.5% were satisfied with the goals and objectives of the CFUG leaders while about 62.5% were not satisfied with the goals and objectives of the CFUG.

The table below presents the average satisfaction level of predictability taking account of the four sub-elements.

Table 20: Average Satisfaction Level of Respondents on Predictability

| S.No | Level of Satisfaction | No. of Respondents | Percent |
|-------------|------------------------------|---------------------------|----------------|
| 1 | Satisfied | 31 | 38.75 |
| 2 | Dissatisfied | 49 | 61.25 |
| Total | | 80 | 100 |

Source: Field Survey, May 2006

The above table (20) shows the average satisfaction level of the respondents on predictability of the leaders of the HBCFUG. In course of analyzing the average satisfaction level on predictability, about 38.75% of the respondents were found satisfied with the predictability of the HBCFUG leaders, where as about 61.25% were not satisfied.

Thus, when majority of the respondents are not satisfied, it can be easily outlined that the situation of predictability in the HBCFUG is not encouraging.

4.6 Overall Situation of Good Governance in the CFUG

In the following paragraphs, an attempt has been made to present the overall situation of good governance in the HBCFUG. The table below highlights the status.

Table 21: Overall Situation of Good Governance in the CFUG

| S.No | Main Elements of Good Governance | Satisfied Percent | Dissatisfied Percent |
|-------------|---|--------------------------|-----------------------------|
| 1 | Accountability | 37 | 63 |
| 2 | Transparency | 40 | 60 |
| 3 | Participation | 37.5 | 62.5 |
| 4 | Predictability | 39 | 61 |
| Average | | 38 | 62 |

Source: Field Survey, May 2006

Table (21) reflects the overall situation of good governance in the HBCFUG. It is already mentioned that accountability, transparency, participation and predictability were considered as the major elements of good governance in this research. While analyzing each element to evaluate the overall situation of good governance in the HBCFUG, about 38% of the respondents were found satisfied with the situation of good governance in the CFUG while a big volume of 62% of the respondents were not satisfied with the situation of good governance in the HBCFUG.

4.7 Comparison of Good Governance in Himalayan Buffer Zone Community Forestry Users Group with National Status

The researcher had assessed the following similarities and differences while analyzing comparison between the studies carried out on the overall situation of good governance in Nepal and the current assessment of good governance status in the Himalayan Buffer Zone Community Forestry at Chaurikharka -1, Solukhumbu district.

1. The indicators examined by the Freedom House (FH) and the World Bank (WB) for governance assessment in Nepal and the indicators used for an assessment of good governance in HBCFUG were different. However, the ideas identified for good governance were approximately carried out. Hence, there were certain similarities on the ideas of good governance practices in both Nepal and HBCFUG.
2. The governance assessment process conducted by the FH and WB in Nepal and the current assessment of good governance carried out in HBCFUG were different but the objectives of all the three studies were same
3. The WB and the FH had included all three actors of governance i.e. the state, the civil society and the private sector to assess the status of good governance in Nepal while in the present research, the researcher has given due emphasis only on civil society to assess the situation of good governance in the HBCFUG. Hence, the scope differs in all the three studies.
4. The World Bank has assessed an overall 46.9% score in 2002 on control of corruption while the FH survey has explored an overall 54.4% score in 2004 on anti-corruption and transparency where as the current good governance assessment in the CFUG has scored an overall 40% score on transparency. Hence, the level of transparency has been found much poorer in the CFUG compared to the national level.
5. In the present study, the researcher has found out about 37% satisfaction level of accountability where as the WB survey has explored an overall 33.3% score in 2002 on voice and accountability and the FH survey had examined an overall 54.9% score in 2004 on accountability and public policy. Therefore, the level of accountability in the CFUG is relatively higher than the figure of WB but it is comparatively low with the assessment of FH.

6. The present research has indicated about 37.5% satisfaction level of participation while the FH survey had assessed an overall 55.9% score in 2004 on civil liberties. Thus, the level of participation has been relatively poor in the HBCFUG in comparison with the FH's national average level of participation.
7. The FH survey had assessed an overall 56.6% score in 2004 on rule of law while the WB survey had scored an overall 37.6% in 2002 on rule of law and the present research has scored an overall 39% score on predictability. The figure of the current research is comparatively better than the result of WB but relatively lower in comparison with the figure of FH.
8. On average the FH survey in 2004, depicted an average of 55.4%, the WB survey in 1996 and 2002 dugout an average of about 45.9% and 33% respectively while the present good governance assessment in the HBCFUG has scored an overall average of 38% score on good governance status. Therefore, good governance situation in the CFUG has been found relatively poor in comparison with the national average score of the studies of the WB and the FH.

4.8 Challenges of Good Governance in the Himalayan Buffer Zone Community Forestry Users Group

- J The prime challenge of good governance practice in the CFUG is the scarcity of the legitimate association with the true representation of poor and women. Unless their representation is taken into account, there is no hope of good governance.
- J The other challenge of good governance in the CFUG is exclusion of poor and women in the decision-making process. The voice of poor and women are often neglected and overshadowed in the CFUG while making major decisions. Thus, an immediate improvement in the decision making process is the felt need.

- J The next challenge of good governance in the CFUG is the lack of accountability among the leaders of the CFUG. They were found irresponsible in their duties and responsibilities, commitment, meetings and conducting activities and implementing policies. Hence, unless the leaders are accountable to the users, good governance cannot be imagined.
- J The other challenge of good governance in the CFUG is the improper and ineffective mobilization of resources. It has been found that the EC members are utilizing the resources without informing the users. This is the main cause of conflict.
- J Lack of transparency among the leaders of the CFUG is another challenge. Resource and income distribution, activities and expenditure, plans and programs and record keeping system were found to be very poor.
- J Lack of active participation of local people is another challenge of good governance in the CFUG. Leadership process, decision-making process, program implementation process and resource mobilization process were found to be very poor.
- J Similarly, lack of predictability is another challenge of good governance in the CFUG. Coordination and Cooperation of the CFUG with the other organization, their guidelines and policies, their networking and goals and objectives were found to be very poor.

CHAPTER V

FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents the findings and conclusion of the study and suggests some recommendations for further improvements in the days to come.

5.1 Findings

The overall prevailing situation of good governance in Nepal in general and Himalayan Buffer Zone Community Forestry Users Group (HBCFUG) in particular has been found to be relatively discouraging. The major findings of the study based on the assessment of good governance status in HBCFUG have been presented in the paragraphs below:

Executive Committee

While assessing the functioning of executive committee, it was found that about 82.5% were not satisfied while about 17.5% were satisfied. It was found that the executive committee could not work as per the statute and they had misused the fund of the CFUG.

Election

The satisfaction level of the respondents with the election procedures of the leaders is discouraging. A big mass of about 67.5% of the respondents were not satisfied. The major reasons behind their dissatisfaction were dominance of elites, unhealthy competition and nepotism and favoritism.

Status of Decision-making Process

The assessment shows that only about 18.75% of the respondents were satisfied with the decision making process. About 39% of the respondents were literate while about 61% were illiterate. Among the total illiterate respondents, about

66.25% played passive role in decision-making process. Thus, it can be predicted that education plays a vital role in decision-making process. Hence, the status of decision-making process in the CFUG is not satisfactory. The prime causes of dissatisfaction were poor management of EC, less presence of members, untimely arrangement of meetings and dominance of elites.

Status of Resource Generation and Mobilization

The situation of resource generation and mobilization is not satisfactory. Majority of the respondents were not satisfied with the process of resource generation and mobilization. The major constraints of resource mobilization were cumbersome legal procedure, less effective administration, poaching, unconscious users and less production of resources.

Status of Conflict Management

Conflict management in an effective and efficient manner is the call of the day for the promotion of good governance. In the case of present research, about 68.75% of the respondents were not satisfied with the conflict resolution process. The major causes of dissatisfaction were dominance of elites, nepotism and favoritism, monopoly nature of the executive members and negligence of poor, women and marginalized section.

Status of Accountability of the Leaders

Duties and responsibilities, commitment, meetings and general assembly procedure, procedure of conducting activities and implementing policies were considered as the sub elements of accountability. While measuring each of these elements, it was found that about 63% were not satisfied with the accountability of the leaders of the CFUG. The overall accountability of the leaders in the CFUG is relatively higher (37%) when compared to the national average (33.3%). Lack of clear procedures, rules and regulations of conducting activities and paucity of conducting meetings and GA by the leaders of the CFUG were the causes of low accountability.

Status of Accountability of Staff

Accountability of staff towards the leaders and the users is relatively better than the leaders and the overall national status. The satisfaction level of accountability of staff was found to be 42.5%. There was proper check and balance system in working procedures of the staff, which no doubt, ensures accountability.

Status of Transparency

Transparency level of the CFUG is comparatively lower than the national level. Only about 40% of the respondents were satisfied with the transparency of information, income and expenditure, plans and programs and the record keeping process of the CFUG. The transparency of statute, operational plan, periodic plans and information were limited to the executive members.

Status of Participation

The situation of participation in the CFUG is not satisfactory. The satisfaction level of participation is comparatively low with that of national level. It was found that about 37.5% of the respondents were satisfied with the level of participation in the CFUG.

Predictability Status

The situation of predictability is relatively poor than the national level. The satisfaction level of predictability in the present research is only about 39%. About 61% of the respondents were not satisfied with the predictability of the leaders of the CFUG.

5.2 Conclusion

Analyzing all the collected facts, figures, literatures and information from the study, it can be concluded that the status of good governance in the CFUG is discouraging. Major challenges of good governance in the CFUG are

- lack of accountability of the leaders of the CFUG,
- improper and ineffective mobilization of scarce resources,
- lack of transparency among the executive members of the committee and the leaders of the CFUG,
- lack of active participation of the people and
- lack of predictability among the leaders

At this juncture, the efforts of SNP, SCAFP, WWF and the local people for the establishment of this CFUG cannot be undermined at all cost. However, more training and workshops are to be provided to the EC members and the leaders to make them transparent, accountable and predictable. In addition, awareness programs to the local people are highly essential.

5.3 Recommendations

From the findings of the study, efforts have been made to present the ways that would facilitate the scholars, planners, policy makers and the stakeholders who are striving to improve good governance in Nepal in general and the HBZCFUG in particular in the following paragraphs.

Accountability

The leaders of the CFUG should be made accountable to the members. The meetings and GA should be held timely. A strict rules and regulations should be developed and enforced sagaciously. Capacity building programmes for the users should be conducted timely and effectively which ensures accountability of the leaders of the CFUG. Moreover, greater awareness program should be carried out for the users and to increase ownership and positive attitude towards the CFUG. It would be more effective to ensure better accountability of leaders if the provision of public hearing is made in time to time.

There is no denying the fact that accountability is both duty and right. An immediate legislative action needs to be taken in Nepal, not only focusing to the government institutions but more importantly to the private sector and civil society organizations alike to make them answerable to the public and to their institutional stakeholders about their public conduct that will help to improve good governance.

Transparency

The leaders of the CFUG should be transparent to their activities. There is an immediate need of information dissemination procedures, finances and equal distribution of resources to all the users. Apart from this, record keeping system of the official activities should be made by law to ensure greater transparency.

No doubt, transparency of information is a great power. While conducting activities, all actors of governance (state, market and civil society) should ensure that information is freely available and directly accessible to the people. If done so, corruption can be controlled and good governance can be improved.

Participation

Participation does not mean involvement of people in activities alone. It is both performance and ownership. Ownership can only be realized if men and women, rich and poor have equal voice in decision-making process and benefit sharing. In

the case of the present research, there is less participation of women and poor. Hence, their participation is the call of the day, which would be done through non-partition, no-discriminatory, pro-women, pro-community and pro-poor approach, to ensure social inclusion, equity, justice and good governance.

Predictability

There is lack of predictability among the leaders of the HBZCFUG. The existing laws, regulations, policies, strategies and networking system should be fairly, impartially and consistently applied to ensure greater predictability. Moreover, in the national context, the state, the civil society and the private sector should be answerable to the legal systems to improve good governance in Nepal.

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Annex-1
Questionnaire

| | | |
|------------------------------|-----------|-------------|
| Name of the respondent: | | |
| Sex: | | |
| Age: | | |
| VDC: | Ward No: | Occupation: |
| Educational Level: | | |
| Total no. of family members: | (a) Male: | (b) Female: |
| School going children: | (a) Boys: | (b) Girls: |
| Religion: | | |
| Total area of land: | | |

A. Election Procedure

1. Do you hold election for the selection of leaders in your CFUG?
(a) Yes (b) No
2. If yes, at what interval does election take place?
(a) Two years (b) Three years (c) Five years (d) Seven years
3. Does election take place timely?
(a) Yes (b) No
4. Are you informed while having election?
(a) Yes (b) No
5. Are you satisfied with the election of leaders?
(a) Yes (b) No
6. If not, what are the reasons behind it?

B. Executive Committee

1. Does your CFUG have executive committee?
(a) Yes (b) No (c) Don't know
2. Is the present executive committee functioning well?
(a) Yes (b) No (c) Don't know
3. Has this executive committee maintained coordination and cooperation with the VDC, DDC and NPC?

- (a) Yes (b) No (c) Don't know
4. Do executive members inform the general members while making the major decisions?

(a) Yes (b) No

C. General Assembly

1. Are you informed when the General Assembly of the CFUG is held?

(a) Yes (b) No

2. What sort of role do you play while being participated in the meetings?

(a) Proposer (b) Supportive (c) Decisive (d) Passive

3. Are you satisfied with the frequency of the meetings?

(a) Yes (b) No

4. If not satisfied, may I know the reasons behind it?

(a) Poor management of EC

(b) Less presence of the users

(c) Untimely arrangement

D. Resource Generation and mobilization

1. What type of resources are generated and mobilized by this CFUG?

(a) Firewood (b) Fodder (c) Timber (d) Herbs

2. Does this CFUG sell the excess forest products?

(a) Yes (b) No (c) Don't know

3. If yes, do you have accessibility on the fund collected?

(a) Yes (b) No

4. What are the constraints of resource mobilization?

(a) Cumbersome legal procedures

(b) Less effective EC

(c) Poaching

(d) Unconscious users

(e) Less production

E. Conflict Management:

1. What types of conflicts are generally occurred in this CFUG?

(a) Conflict on resource distribution (b) Conflict on benefit sharing

- (c) Conflict on distance to the forest (d) Conflict on formation of EC
- (e) Conflict with neighboring CFUG.
- 2. How are the conflicts being resolved?
 - (a) Through negotiation (b) Through talks
 - (c) Through mediation of responsible agency
 - (d) Injustice
- 3. Are you satisfied with the conflict resolution process?
 - (a) Yes (specify) (b) No (specify)

F. Accountability

- 1. Do you think the leaders of Executive Committee are accountable to the duties and responsibilities entrusted to them?
 - (a) Yes (b) No (c) Do not know
- 2. Are the leaders committed to solve the problems immerge in the CFUG?
 - (a) Yes (b) No (c) Do not know
- 3. Are meetings and General Assembly conducted according to the provision of statute?
 - (a) Yes (b) No (c) Do not know
- 4. Is the accountability provision like- rules, regulations, punishment, etc. are clearly documented?
 - (a) Yes (b) No
- 5. If documented, is it implemented effectively?
 - (a) Yes (b) No

G. Transparency

- 1. Do you have access and information about resource and income?
 - (a) Yes (b) No
- 2. Do you have access and information about the activities and expenditures of the CFUG?
 - (a) Yes (b) No
- 3. Do you know about the plans and programs of the CFUG?
 - (a) Yes (b) No
- 4. Do you think the record keeping of all the activities including administrative, financial is done up to date?

- (a) Yes (b) No

H. Participation

1. Does this CFUG have women and poor in the EC?
(a) Yes (b) No
2. If yes, are you satisfied with the level of participation in the leadership process?
(a) Yes (b) No
3. Are you satisfied with the level of participation of women and poor in decision-making process?
(a) Yes (b) No
4. Are you satisfied with the level of participation of women and poor in implementation process?
(a) Yes (b) No
5. Are you satisfied with the process of women and poor in the resource mobilization process?
(a) Yes (b) No

I. Predictability

1. Does this CFUG have its own written program implementation rules, guidelines or by-laws?
(a) Yes (b) No (c) Do not know
2. Does this CFUG have its own goals, objectives and strategies?
(a) Yes (b) No
3. If yes, are they being implemented effectively and efficiently?
(a) Yes (b) No
4. Does this CFUG have established and maintained its network with the functional and other stakeholder organizations?
(a) Yes (b) No

Focus Group Discussion: Members of CFUG

1. What are the major benefits that you have received from this community forestry?
2. What are the major problems of this CFUG?
3. What is the status of transparency in this CFUG?
4. What is the level of accountability in this CFUG?
5. What is the situation of participation in this CFUG?
6. What is the status of predictability in this CFUG?
7. How has women's and Poor's participation influenced the monitoring and evaluation process of this CFUG?
8. What sorts of conflicts generally occur in this CFUG? How are they resolved?

Interview with Key Informants: DFO Ranger, FUG Chairperson, VDC Chairman, Women Social Mobilizers, Teachers, Staff of Rang Post, Community Based Representative Personnel of WWF, Local Leaders, Members of the CFUG Committee and Federation of CFUG.

1. What is the overall situation of good governance in this CFUG?
2. How can the challenges of good governance in this CFUG be overcome?
3. Can good governance help reduce deforestation in this CF?

Checklist

- a. Date of establishment
- b. Total area
- c. Total number of households
- d. Status of the CF (past and present)
- e. Operation and maintenance of plans and programs
- f. Record keeping system
- g. Rules and regulations
- h. Financial management
- i. Process of external and internal resources
- j. Disputes resolution
- k. Participation of poor and women in the organization and its activities
- l. Election procedure
- m. Leadership development
- n. General Assembly