

Citizens' Trust in Local Government: A Study of Lalitpur Sub-Metropolitan City in Nepal

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Dedication...

To my parents

Without their love and support, I would be nowhere.

ABSTRACT

This study assesses the level of citizen trust towards local government with special focus on a single urban local government unit i.e. Lalitpur Sub-Metropolitan City (LSMC) in Nepal. This research used both quantitative and qualitative method and both primary and secondary sources of data were used to get comprehensive picture of the reality. A questionnaire survey was conducted among the adult residents of LSMC to gather necessary information. Besides, other secondary sources were also utilized.

The study finds that majority of the citizen trust in LSMC. Two sets of independent variables; i) socio-economic background of the citizen comprising gender, age, indigenous identity, level of education and level of income; and ii) performance related variables comprising satisfaction with the services provided by the local government, citizens' participation in decision making process and transparency in financial matters of the local government, were used to find their influence on the level of trust.

Among the five socio-economic variables only gender and indigenous identity were found influential in determining the trust level in local government. Women are more likely to trust LSMC than the men are. This is surprising result since women are defined as disadvantaged group in Nepalese society and they are deprived of equal many rights that men are enjoying. In this context they should have less trust than the men. It means that LSMC is women friendly in its functioning or women are indifferent towards local government. The result of the hypothesis related to indigenous identity is similar to the general observation that indigenous people are deprived of different rights and they have less trust than the non-indigenous people in local government. Other three factors (age, level of education and income) related to cultural theory remained indifferent in describing the level of trust in local government. . In general, however, we may conclude from this part of our analysis that the impact of identity variables on level of trust in local government is limited. Although we do find some relation, the overall impression is that none of them are very strong.

On the other hand all three performance variables were highly influential in describing the citizens' level of trust in their local government. People who are highly satisfied with the services provided by LSMC, people who feel they have been consulted by LSMC while making decisions and people who feel that LSMC provides enough information about how it spends its tax money were found more trustworthy than their counterpart.

This analysis suggests that to increase the number of high trusting citizens, LSMC should focus on the improvement of its performance. It should try to provide services that citizens really want, increase citizens participation in making decisions that directly affect the citizens' life and become more transparent in financial matters.

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List of Abbreviation

CDPA	Central Department of Public Administration
CDO	Chief District Officer
DAG	Disadvantaged Groups
DDC	District Development Committee
GoN	Government of Nepal
LSMC	Lalitpur Sub-Metropolitan City
LB	Local Body
LDO	Local Development Officer
LG	Local Government
LSGA	Local Self Governance Act
MPPG	Master in Public Policy and Governance
NDF	Nepal Development Forum
NUFU	Nasjonalt program for utvikling, forskning og utdanning
VDC	Village Development Committee

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CHAPTER I

INTRODUCTION

This chapter deals with the introductory aspects of the study. It discusses the general background of the study, states the research problem, defines the scope of the study and specifies research objectives, research questions and hypotheses. Further, it also sheds light on the significance of the study as well as limitation of the study and ends with the explanation of the structure of the study.

1.1. Background

Trust links ordinary citizens to the institutions that are intended to represent them (Bianco, 1994 cited in Mishler, 2001:30). Bak and Askvik (2005:1) opines that trust relationships in and within public institutions is crucial for social and economic growth. People's trust in an institution is an intangible element. It carries an abstract idea which is largely determined by people's desire and expectation, perception, need and so forth in relation to a service provider either located in government (at central or local level) or in the non-government sector. The trust in an institution is built primarily through the quality services it delivers to the citizen along with other factors. Institutions use human as well as non-human resources to produce an output which ends with its delivery to the people.

The process of delivering a service by an institution involves interaction between the institution and individuals working in the institution, and the people seeking service. Interaction needs a congenial environment which involves smooth dealing skill, honesty and helping attitude on the part of the staff working in the institution. This leads people to trust in the individual in particular and in the institution in general. Besides, trustworthiness in people towards an institution also develops through getting information from their friends, and kith and kin, incidences in their memory, and socio-cultural settings of the society in which they live.

Trust enhances both the legitimacy and the effectiveness of democratic government (Braithwaite & Levi, 1998; Gamson, 1968; Hetherington, 1998 cited in Mishler, 2001:30). The present day Nepal is in the period of transition waiting for stability. The aspirations of people from the state and its institutions are high. The other important prospect is the political vacuum in Nepal's local

government which compels the people to rely on the local institution operated by selected bureaucrats of central government. Therefore, the broad purpose of the proposed study is to know the linkage of people's trust in local government asking that "Is trust contingent on citizen's socio-economic background like level of education, gender, economic status etc.?" And "Is trust results of people' satisfaction with public services"?

1.2 Statement of the Problem

Nepal has experienced different forms of decentralization and local government, ranging from delegation to de-concentration and, eventually, to devolution as envisioned in the Local Self Governance Act, 1999 to garner the trust of citizens. Though the history of decentralization and local government is not new in Nepal, systematic efforts for decentralized governance in Nepal began in 1960s with the establishment of separate district, municipality and village level Panchayats (GoN, 2001:7). These Panchayats were elected LGs and had the authority to formulate policy, undertake programmes and levy taxes (ibid :7).). A bottom-up planning, coordination and implementation system was set up by bringing all district offices of development related line ministries or departments under the District Panchayat's umbrella. But the implementation could not lift very much off the ground because there was no political incentive, or perhaps genuine political wish (Shrestha 2002:3). These institutions have, therefore, more or less worked as extended or de-concentrated agents of the central government, and were more loyal and accountable to the centre than to the people in their jurisdiction (ibid:3). It was only a curious mix of restrained deconcentration and cautious delegation of power. The system effectively used decentralization as a tool for creating a monolithic, impenetrable political power structure in the country by extending the political base of the regime and by propagating its "party-less" character right down to the local settlement level (Panday 1999; Shrestha 1999; Paudyal 1998 cited in Karna 2004:3).

During the thirty years of Panchyat rule, several experiments were conducted to implement decentralization and local governance but due to the lack of political will and commitment and the feudal nature of the system nothing could be materialized in empowering the people through the local government bodies (Khanal 2006:36).

After the restoration of democracy in 1990, a new constitution was promulgated which has envisioned decentralization and local government as a fundamental element of democracy. The constitution gave the Directive Principle of State Policies (Article 25:4) to involve more and more citizens in governance through the process of decentralization for equitable distribution of the benefits of democracy across the nation. Accordingly, Acts of DDCs, VDCs and Municipalities were framed in 1992 which devolved various tasks, functions, and resource base to local governments. However, some important issues of local government management remain unresolved in the Local Government Act 1992. As noted by HMG/NALAD (2000) cited in Karna (2004:3), some of the shortcomings were conflict between LGIs and line agencies, duplication in planning, implementation and resource mobilization, absence of an accountability mechanism, and vagueness in budget allocation in terms of grants in assistance and resource sharing.

The present system of local government came into effect in 1999 after the enactment of the Local Self Governance Act (LSGA), 1999. The Local-Self Governance Act (LSGA), 1999 has envisioned explicitly the provision for creating a conducive environment to spread the fruits of democracy; institutionalization of participatory development; involving socio-economically backward groups through responsible and accountable local bodies; the development of the local leadership and capacities to make the local bodies a vehicle for the local self-governance system. It is widely recognized that the LSGA has set an unprecedented policy shift by legally endorsing the concept of self-governance and devolution of authority to local bodies (LBs).

Despite the governments' commitment towards decentralization and local self-governance, efforts towards decentralization and local governance have been interrupted since 2001 due to various reasons. Maoist insurgency that had been simmering since 1996 is generally attributed to the inability of central government to demonstrate a commitment towards addressing extreme poverty, marginalization and denial of social justice for large numbers of Nepalese (NDF 2004). By mid 2002, the effects of the insurgency and the resultant central level political crisis began to take their toll, since when there has been a continuing deterioration in security which has negatively affected on local government functioning (ibid).

The tenure of locally elected representatives expired on 16 July 2002. Since then, local bodies have been run by centrally appointed civil servants. All the above description shows that the

local bodies have been the play ground of central politics. The unstable politics has great impact on the smooth functioning of local government which has multidimensional adverse impact in the national life. People are becoming more fragmented in terms of ethnic identity, regionalism and language for which the various dimensions in the political horizon of the country – ethnic politics, region-based politics and language-based politics have been very strongly surfaced out. For example; the United Communist Party of Nepal (Maoist) has more than half dozen of its sister organizations based on amalgamation of regionalism and ethnic identity namely; as Dalit Liberation front, Tharuwan Liberation Front, Magarant Liberation Front, Tamuan Liberation Front, Khambuan Liberation Front, Limbuan Liberation Front, and Madhesi Liberation Front (Bhattachan 2008:35) Such kind of development is a part of reduced level of faith, non-confidence and distrust amidst other predisposing factors.

In the one hand we are providing more autonomy to the local governments, but on the other hand such local bodies are facing unprecedented problems. In such a situation, this study intends to measure the citizens' level of trust in local government and to analyze the factors affecting the level of trust.

1.3 Scope of the Study

In Nepal there is two tier systems of local government; District Development Committee (DDC) as upper tier and Village Development Committee (VDC) and Municipality as lower tier. VDCs are rural local governments and Municipalities are urban local governments. Further Municipalities are further classified into three categories; Metropolitan City, Sub-Metropolitan City and Municipality based on the availability of urban facilities like roads, drinking water, electricity, health and educational institutions and so on (LSGA, 1999). The focus of this study is the Lalitpur Sub-Metropolitan City (LSMC) which is a unit of urban local government. One distinct advantage of using a single municipality as the unit of analysis is that it allows homogeneity in examining people's trust in local government. The reasons behind selecting Lalitpur Sub-Metropolitan City are two fold. 1) Lalitpur has been a rapidly expanding township both in terms of area and population especially during the last decade. The insurgency which ended a couple of years ago caused a large number of internally displaced populations for the sense of security. The rapid expansion of Lalitpur therefore, may also be due to its vicinity with Kathmandu. 2) Generalized to the overall populace composition of Nepal, Lalitpur sub-

metropolis as a hub for employment opportunity also includes population with indigenous (Newar, Tamang, Magar) cultural, and religion diversity. Therefore, the highly contrasting demographic feature of its populace necessitates the municipal government to be trustworthy to them.

1.4 Objectives of the Research

The most notably addressed issue in the past research conducted by NUFU¹ Project is political and public institutions. This report provides room for many facets regarding public trust especially with respect to the local government that how trust in local government fits into the larger picture of trust in government. Therefore, the present study is related to understanding the level of citizens' trust in local government (local body) of Lalitpur sub-metropolis with the prime objective of finding out how different factors influence the level of citizen's trust in local bodies. To achieve this objective, the present study also finds the following specific objectives to show the relationship among various related factors.

- To assess the relationship between the socio-economic background of the people and their level of trust in local government (LSMC).
- To find out the relationship between the performance of local government (LSMC) and the level of trust of citizens.

1.5 Research Questions

In achieving the aforementioned objectives, this study uses the following questions to inquire into the various aspects of proposed research –

- 1) Do socio-economic factors have any effect on the level of trust of the people in local government?
- 2) How the trust level is affected by the performance of the local government?

1.6 Hypothesis

To achieve the above mentioned objectives, this thesis has proposed the following hypotheses:

¹ NUFU (Nasjonalt program for utvikling, forskning og utdanning/ The Norwegian Programme for Development, Research and Education). The programme is financed by Norad and administered by SIU.

A) Hypotheses reflecting socio-economic background of the people:

- i) Females have more trust towards local government than the males.
- ii) Old age people have more trust in local government than the young people.
- iii) Indigenous² people have less trust in local government than the non-indigenous people.
- iv) More educated people have less trust in local government than the less educated people.
- v) High income people have less trust in local government than the less income people.

B) Performance related Hypotheses:

- i) The more the citizens are satisfied with services provided by their local government, they have more trust in local government than those who are less satisfied.
- ii) Those who participate in decision making process of local government show more trust than those who do not participate.
- iii) The more the local government is transparent the higher the level of trust.

1.7 Significance of the Study

NUFU project at Central Department of Public Administration (CDPA), Tribhuvan University has recently done pioneering work on public trust in political as well as various government institutions in Nepal in the year 2008. The present research seeks to study trust of citizen in local government. The primary objective of the dissertation is to throw light on the level of citizens' trust towards local government as well as factors affecting trust in local government in Nepal.

The municipal body has direct interface with citizens since it is engaged in providing basic services, hence, it is important to study how much citizens are trustworthy towards it and what are the important factors in determining their level of trust.

² Government of Nepal has defined and listed 59 ethnic groups as “indigenous nationalities” which are given in appendix 3.

Nepal has experienced different forms of decentralization, ranging from delegation to de-concentration and, eventually, to devolution as envisioned in the Local Self Governance Act, 1999. Decentralization has entrusted more roles and responsibilities to the local bodies including municipality which demands proficiency and capability in local bodies. Unless local bodies show competency in service delivery, the grass root level people will have less trust on them. The performance of local bodies is the measuring rod of the effectiveness of central government as general people have direct interface with them. If people are dissatisfied with their local government, it might lead to negative attitude towards central government. So the research on this area bears special importance.

This study may be useful to the academics, scholars and other researchers. The study may validate the existing literature on trust and/or generate new insights in this field that may help to supplement the knowledge of different stakeholders in general and policy researchers in particular.

1.8 Limitations of the Study

Most research studies, especially those involving the social sciences, are imperfect, having limitations regarding research designs and the meaning of the data collected. This research study is no exception. Below is a candid discussion of the limitations associated with this trust in local government study.

A primary limitation of this research is its generalizability to larger populations, such as at national level. As noted previously, the study population for this research includes only the elder residents of Lalitpur Sub-Metropolitan City. Many demographic characteristics of the study population are dissimilar to national demographics. For instance, significantly higher ratio of indigenous nationalities and literate people reside in LSMC. As such, it is not possible to assert that LSMC residents, and their views, are representative of national populations.

Measurement error is another limitation of studies of this scope. Validity of the survey questions and the extent to which the measures reflect the meaning of the given concept also warrants consideration. In particular face validity, the common agreement of terms, is a concern. For instance, within this study the concept of “trust” and to trust LSMC “to do what is right” are vague notions that may mean different things to different people. As such, respondents may not interpret the questions the same. This was addressed to some degree with a focus group

examination of the clarity of the survey questions, as well as whether or not the general public could relate to these questions.

Despite the limitations of this research study, it is expected to generate useful data worthy of analysis and discussion.

1.9 Structure of the study

The thesis is presented in five chapters. The first chapter deals with the introductory aspects of the study. It discusses the general background of the study, states the research problem, defines the scope of the study and specifies research objectives, research questions and hypotheses. Further, it also sheds light on the significance of the study and ends with the explanation of the structure of the study.

The Second chapter explains the theoretical and conceptual foundation of local government and trust. It is divided into two major parts; first part dealing with local government and second part with theories of trust. The first part starts with the explanation of historical background of local government in Nepal, and proceeds towards policies guiding LG in Nepal and structure of LG. Further it is narrowed down to municipal government with major highlights on classification, functions, duties and power of municipality as well as sources of income of municipality. Finally, it is concluded with the dark side of the local government in present Nepal. In the second part, theoretical aspects of trust have been dealt with special focus on definition and importance of trust, institutional trust and theories related to institutional trust. Based on the theoretical description, an analytical framework has been developed. Then it proceeds towards a brief introduction of Lalitpur Sub-Metropolitan City and ends with review of previous research studies in the field of trust.

The third Chapter explains the methodology adopted for the study. This deals the research process, nature and type of data, sampling, data collection, data analysis plan.

The Fourth chapter deals with data presentation and analysis. It tabulates, describes and analyses the data and findings. The final chapter winds up the study by giving the general summary of this study. It provides a brief discussion on to what extent socio-economic background of people and performance of local government affects the trust level.

CHAPTER II

LITERATURE REVIEW

This chapter explains the theoretical and conceptual foundation of local government and trust. It is divided into two major parts; first part dealing with local government and second part with theories of trust. The first part starts with the explanation of historical background of local government in Nepal, and proceeds towards policies guiding local government (LG) in Nepal and structure of LG. Further it is narrowed down to municipal government with major highlights on classification, functions, duties and power of municipality as well as sources of income of municipality. Finally, it is concluded with the dark side of the local government in present Nepal. In the second part, theoretical aspects of trust have been dealt with special focus on definition and importance of trust, institutional trust and theories related to institutional trust. Based on the theoretical description, an analytical framework has been developed. Then it proceeds towards a brief introduction of Lalitpur Sub-Metropolitan City and ends with review of previous research studies in the field of trust.

2.1. Local Government System in Nepal

2.1.1 Historical Background

Although the concept of decentralization and local governance is considered new phenomena in the study of political science and development literature, traces of their existence can be observed in Nepal's pre-historic times. However, the formal initiation of the decentralization and local governance process in Nepal dates back to 1919 when the Kathmandu municipality was formed. Subsequently, the Manyajan Kachaharies were established in 1926 at village level throughout the country. In 1947, an act was promulgated to establish village, municipality and district panchayats, and some legal authorities were also provided. However, systematic efforts for decentralized governance in Nepal began in 1960s with the establishment of separate zonal, district, municipality and village level panchayats (ADDCN, 2001). The decentralization act - 1982 and regulations 1984 are considered to be the significant steps of deconcentration of functional responsibilities to the local panchayats to carry out central programmes without any attention to building their institutional capacity (Awasthi and Adhikary 2002). Until the

restoration of multi-party democracy in 1990 local government in Nepal was a political backwater. Local authorities exercised a little or no power in mobilizing local resources (Kafle and Karkee, 2004). They had been used extensively as an extended arm of the central government and hence became centrally driven and non-effective. The system effectively used decentralization as a tool for creating a monolithic, impenetrable political power structure in the country by extending the political base of the regime and by propagating its “party-less” character right down to the local settlement level (Panday 1999; Shrestha 1999; Paudyal 1998 cited in Karna 2004:3).

2.1.2 The Present System of Local Government

i) Policies Guiding Local Government in Nepal

The present system of local government came into effect in 1999. The Constitution of the Kingdom of Nepal (1990), in the directive principles and policies of the state, stipulates that it shall be the chief responsibility of the state 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 (HMG, 1990:16). After the restoration of multi-party democracy in 1990 the government has invariably showed commitment towards decentralization and local self-governance. The process got momentum after the enactment of the Local Self Governance Act (LSGA) in 1999. This Act is the most comprehensive piece of legislation, with the most far reaching consequence that Nepal has ever implemented in respect of decentralization and local governance (LDTA, 2002:35).

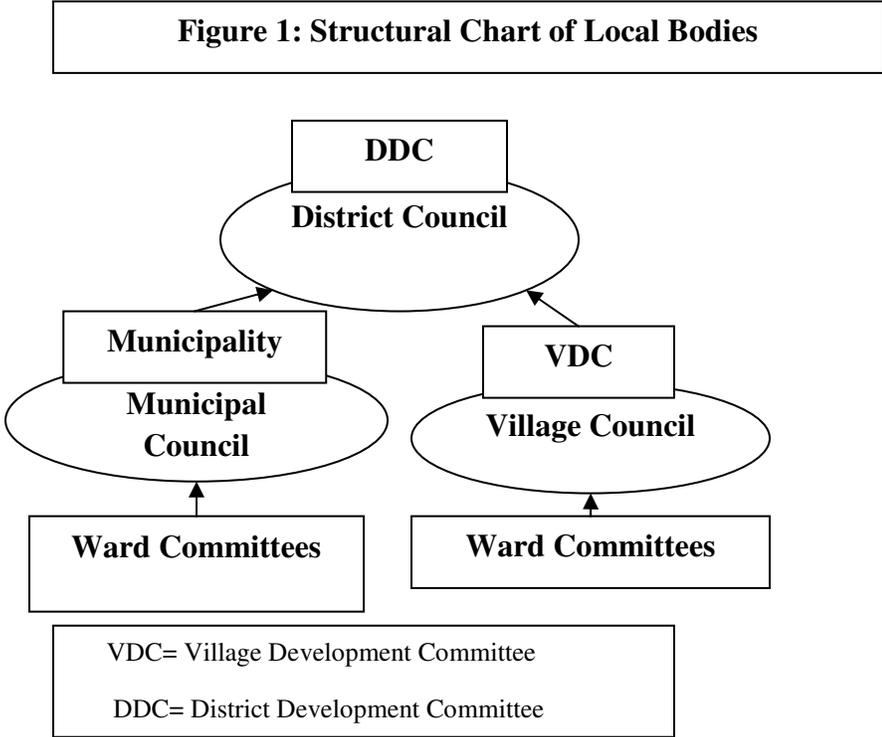
The Local-Self Governance Act (LSGA), 1999 has envisioned explicitly the provision for creating a conducive environment to spread the fruits of democracy; institutionalization of participatory development; involving socio-economically backward groups through responsible and accountable local bodies; the development of the local leadership and capacities to make the local bodies a vehicle for the local self-governance system. It is widely recognized that the LSGA has set an unprecedented policy shift by legally endorsing the concept of self-governance and devolution of authority to local bodies (LBs).

The Tenth Five-Year Plan (2002-2007) has considered decentralization as the cross cutting aspect, which is directly/indirectly linked with the poverty reduction and contributes to the four

pillars of the plan. The focus of the plan is on the policy and legal reform, institutional development, resource mobilization, people's participation, local autonomy and capacity enhancement of LBs (NPC 2002). The plan has emphasized sectoral devolution as an important strategy to promote local governance system (ibid).

ii) Structure of local government

Structurally, the Act introduced two-tier system of local government, with Village Development Committees (VDCs) as village local government and municipalities as town local government as the lower tier and District Development Committees (DDCs) as the upper tier. The diagrammatic representation of the structure of Local Self-Governance bodies is shown in the following Figure.



Source: Country Reports on Local Government Systems: Nepal

Municipal and Village bodies are elected directly while the representatives of VDC and Municipality form an ex-officio electorate for DDC elections. VDC is a rural focused local body while the Municipality is urban focused. Each district is divided into from nine to seventeen Ilakas, which covers clusters of VDCs and municipalities. Currently there are 75 District

Development Committees (DDCs), 3915 Village Development Committees (VDCs) and 58 municipalities. The focus of this study is urban focused local government i.e. municipal government. So it will be worthwhile to explain system of municipal government in detail.

2.1.3 Municipal Government

i) Classification of Municipality

Municipalities are the urban local government institutions. The Local-Self Governance Act 1999 has classified municipalities into three categories, i.e. Municipal Corporation, Sub-municipal Corporation and Municipality, on the basis of population, sources of income and other urban facilities like electricity, drinking water, road and transport facility, communication, health and educational services and sports services (LSGA-1999:34). Presently, there is one metropolitan (Kathmandu), four sub-metropolitans and 53 municipalities in the country. In spite of the above categorization, the system of functioning remains the same. Municipalities are divided into wards (neighborhood level political boundary) which vary between 9 and 35 though there is no upper limit prescribed by the Act.

Each municipality has an elected executive and an elected council. Each ward elects a five-member Ward Committee consisting of one ward chairperson, one woman member, and three ward members. Municipal Council is composed of these elected Ward Committees and nominated members (minimum six to maximum twenty) by the council representing disadvantaged groups and women. The executive committee consists of directly elected Mayor, Deputy-Mayor from the whole municipality, ward chairperson elected from each wards, and two members nominated by the executive from the municipal council representing disadvantage groups and women.

Municipal council is the apex body which coordinates plans and programs, approves budgets, and plays a lead role in all kinds of policy level decisions. An Executive Board which is headed by the mayor is mainly constituted by the deputy mayor, ward chairpersons, and a concerned area member of DDC and is responsible for facilitating regular municipal activities and implementing decisions approved by the municipal council. Similarly, ward offices which are headed by ward chairpersons and supported by ward members are mainly active in planning, implementing and monitoring of ward level activities with the help of the municipality.

The LSGA makes provision for the Local Bodies to have their own secretariat and staff. However, in practice, the Local Government personnel system consist of two categories (i) staff deputed by the central government, and (ii) staff recruited by the Local Government i.e. Local Government's own staff (HMG, 1999:90). The Ministry of Local Development, as a link Ministry, directly deposes civil service personnel at the Local Governments. The Government appoints the secretary of all LGs as the LSGA has given this authority to the government. The secretary appointed by the government is the ex-officio chief of the LG personnel system.

ii) Functions, Duties and Power of Municipality

In the provisions of the LSGA 1999, altogether 75 multi-dimensional functions are devolved to municipalities under two broad categories, namely mandatory (62) and optional (13) (LSGA 1999:39 – 43). All 62 mandatory functions are categorized into 10 groups – works and transport, education and sports, hydro-power, environment and sanitation, health services, industry and tourism, social welfare, physical development, culture and miscellaneous. Similarly, optional functions are related to education, land development, electricity and communication, recreation areas, parks, playgrounds, river pollution, natural calamity management and so on (ibid). Detailed list of the functions of municipality is given in appendix 4.

iii) Sources of Income of Municipality

The Local Self-Governance Act has made provision for tax, service charge, fee and revenue resources for the local bodies to enable them to generate adequate income and carry out development functions. Municipalities are entitled to collect various taxes, fees, charges and property rental. On top of this, they get grants from the central government. They also receive grants and loans from other financial institutions as well as donor agencies. The sources of municipality income are given in the following Table.

Table 1: Sources of Municipality Revenue

Types of Revenue	Sources
1. Own Revenue	House and land tax, Land revenue and tax, Integrated property tax, Vehicle tax - registration, renewal and lump sum, Entertainment tax, Bahal (rent), Advertisement tax, Means of profession tax and Commercial video tax
• Tax	
• Service Charge	Parking fee, Water supply, electricity, tap, public telephone fee, Solid waste, sanitation, sewerage fee Valuation of real estate (fixed assets), Public lavatories, park, bath room, swimming pool, gymnasium, guest house, tourist site, hostel, haat bazaar, slaughter house, crematorium, use of washing space, street light, road, and drainage maintenance
• Fee	Approval and recommendation fee, Approval of building design fee, Attestation of maps fee
• Land Tax	Firm Land
• Others	Tax arrears
2. Grant	From HMG, DDC
3. Loan (with approval from Council, with or without collateral and on government guarantee)	Loans from bank or other institution
4. Miscellaneous	• Donation, assistance

Source: HMG, Local Self-Governance Act 1999:113-115

The above discussion illustrates that municipal governments are established as local government and entrusted with many roles and responsibilities. At the same time they are given powers to recruit their own personnel and raise revenue to carry out those roles and responsibilities. But local governments have been facing different problems since 2002 which is highlighted in the following section.

2.1.5 Dark Side of Local Government in Present Nepal

Despite the governments' commitment towards decentralization and local self-governance, efforts towards decentralization and local governance have been interrupted since 2001 due to various reasons. Maoist insurgency that had been simmering since 1996 is generally attributed to the inability of central government to demonstrate a commitment towards addressing extreme poverty, marginalization and denial of social justice for large numbers of Nepalese (NDF 2004). By mid 2002, the effects of the insurgency and the resultant central level political crisis began to take their toll, since when there has been a continuing deterioration in security which has negatively affected on local government functioning (ibid).

The tenure of locally elected representatives expired on 16 July 2002. Prior to this, it had not been possible to hold local elections on account of the conflict and although there are provisions for extending their tenure, the then government decided not to do this. Since then, local bodies have been run by centrally appointed civil servants. Meanwhile the then over ambitious king Gyanendra took the political power in his hand and tried his unsuccessful effort to run the local government by nominated politicians almost six months in 2004.

NDF (2004) maintains that despite the provision for the inclusion of disadvantaged groups (DAG), women and dalits at the local level, their effective participation in decision making and development planning has been inadequate. The same document further states that weak fiscal discipline and less transparency prevailed in the LBs have hampered local resource mobilization, causing high irregularities. Quality standards for delivering goods and services have not yet been developed as per the requirement of the citizens. Moreover, the correlation between tax paid and service delivered is not maintained (Nepal Development Forum, 2004).

A major problem is that the civil servants running the local bodies are not locally accountable and their vertical accountability to Kathmandu is also limited on account of weaknesses in central government. Similarly, these same civil servants are also subordinate to many district level line authorities as well as the Chief District Officer (CDO). The sum total of these events is that Nepal now does not have a functioning system of local government, but rather a weakly accountable form of local administration that seeks guidance from Kathmandu (Danida Decentralisation Support Programme - Nepal). The same report further states that this has made the planning process relatively non-participatory as well as non-transparent. For example; friends or acquaintances of the Local Development Officer (LDO) can present projects and get relatively

quick support for project implementation. Thus it has diminished the spirit of democratic accountable local government.

2.2 Trust: A Theoretical Perspective

2.2.1 What is trust?

In spite of huge amount of research on trust, a concise and universally accepted definition of the concept remains elusive. As a consequence, the term trust is used in a variety of distinct, and not always compatible, ways (Kramer, 1999 cited in Sabatini 2009:4). Trust, according to Gibb, is “derived from the German word *Trost*, meaning comfort”, and “implies instinctive, unquestioning belief in and reliance upon something. . . . Trust can be and often is instinctive; unstrategized and freely given” (Hébert 2006:5).

Indeed, Luhmann (1998) has asserted trust is a concept surrounded by conceptual vagueness. In [Luhmann 2000], Niklas Luhmann describes trust as a means to reduce the social complexity. He highlights the necessity of trust by stating that no one would be strong enough to leave his bed in the morning without trust (Reidl n.d.). Luhmann says that trust is mostly irrational and used to deal with situations where there is a deficit of information or knowledge. Thus, trust arises in conditions where Herbert Simon’s bounded rationality governs human behaviour, but it is characteristic only for those situations with a considerable risk and a clear orientation towards the future, for which predictions based on trust rather than on information are made (Reidl :4).

Because of the complexity of the notion of trust, trust is generally operationalized differently depending on the context in which it is studied and the field in which it is studied (Rousseau 1998). In other words, trust is used to describe or refer different things or constructs. For instance, psychologists view trust as an internal cognitive process between trustors and trustees (Rotter 1967). According to Coleman (1990) trust is nothing more or less than the considerations a rational actor applies in deciding to place a bet (Cited in Hudson 2006:7). He further maintains that as such it is a sub-category of risk and can be calculated using probabilities (Ibid:7). Economists and some sociologists perceive trust as a calculative or rational expectation about outcomes generated by another party (Coleman1990; Williamson 1993). On the other hand, some sociologists view trust as a property of collective attributes among people or institutions (Lewis & Weigert 1985).

Influential definitions consider trust as a general attitude or expectancy about other people and the social system in which they are embedded (Garfinkel 1963; Luhmann 1988; Hardin, 2001 cited in Sabatini, 2009:4). Trust is a complex interpersonal and organizational construct (Duck 1997; Kramer and Tyler 1995). “Trust occurs when parties holding certain favorable perceptions of each other allow this relationship to reach the expected outcomes” (Wheless and Grotz 1977:251). The concept of trust is intimately linked to risk and expectations. Trust is used as a substitute for risk, but it also creates a risk for the truster. As Baier states

“Trust involves the belief that others will, so far as they can, look after our interests, that they will not take advantage or harm us. Therefore, trust involves personal vulnerability caused by uncertainty about the future behavior of others, we can not be sure, but we believe that they will be benign, or at least not malign, and act accordingly in a way which may possible put us at risk”.(Baier 1986 cited in Bouckaert et al 2002:10).

This definition implies that trust is used in situations where there is no certainty. Risk is also an important element in Coleman’s definition: it is the expectation of gain or loss which determines whether one will grant trust or not (Coleman 1990; Ruscio 1996 cited in Bouckaert et al 2002:10). Trust is never absolute but always conditional and contextual. If there are no expectations, choice or uncertainties, then we can not talk about trust.

As a concept “trust” can only exist in an environment of imperfect information. In situations with perfect information, we know certainty, what the outcome will be and therefore have no need for trust. In most of the real world situations, individuals and institutions composed of individuals have freewill i.e. perfect information will never be fully available. Therefore, trust can be very valuable in social interactions.

Most contributors also distinguish between three types or levels of trust. These include interpersonal trust, i.e., trust in friends, relatives or significant others; societal trust, i.e., trust in strangers; and institutional trust, i.e., trust in various institutions in society. Trust in government of course falls in the latter category.

A growing body of research on trust emphasizes the distinction between generalized versus particularized confidence in others – part of what Putnam (2000) labels “bridging” versus “bonding” social capital. Generalized trust is the belief that most people can be trusted. Trust is

generalized if it is relatively stable and if it is not dependent upon individual or group characteristics or objectives (James and Sykuta 2004:1). Generalized trust helps promote the norms of reciprocity and cooperation that underpin civil society (Putnam 2000). It appears to reflect an individual's belief that most others share the same fundamental values, and belong to the same "moral community" (Fukuyama 1995; Uslaner 2002 cited in Bahry et al 2005:2-3)).

Particularized trust entails deeper ties to a closer circle such as family members, friends, and others with similar backgrounds. Particularized trusters, as Uslaner (2002) argues, tend to be suspicious of people they don't know; and feel they have little control over what happens. They are also more withdrawn from society at large (Uslaner 2002; Uslaner and Conley 2003 cited in Bahry et al 2005:3). Particularized trust is the belief that only specific individuals or individuals associated with certain network or group characteristics can be trusted (James and Sykuta 2004:1). For example, trust is particularized if it is identity-based and includes "only people one knows personally as well as those who fit into a certain social identity that one holds" (Stolle, 2001, p. 205). Trust is particularized if specific individual traits systematically "explain" variations in that trust. A trustworthy government may also generate the interpersonal trust necessary to promote a more peaceful and cooperative society and economic growth (Fukuyama 1995). Trust ensures that the "procedures for making and enforcing laws are acceptable to the people (UNDP 1997 cited in MacIver 2003:1).

2.2.2 Importance of Trust in Government

A trusting person, group or institution will be "freed from worry and the need to monitor the other party's behavior, partially or entirely" (Levi and Stoker 2000:496). In that sense, trust is an efficient means for lowering transaction costs in any social, economic and political relationship (Fukuyama 1995). The willingness to trust strangers promotes civic engagement and community-building, and helps overcome the dilemmas of collective action (Fukuyama 1995; Putnam 1993; Uslaner, 2002 cited in Bahry et al 2005:2). It also plays a central role in economic life, fostering cooperation and thus facilitating impersonal exchange. The results can be dramatic: higher trust has been associated with greater citizen involvement in politics, lower corruption, more effective public services, higher economic growth, and other benefits (see, e.g., Knack and Keefer 1997; LaPorta, Lopez de Silanes, Shleifer and Vishny 1997; Zak and Knack 2001 cited in Bahry et al 2005:2).

Trust is inextricably linked to the productive functioning of society. It is an important aspect of all social relationships (Barber 1983). Trust is considered essential for stable social relationships and necessary for economic transactions to occur. Trust is also necessary for creating the conditions for good government and democratic practices (Seligman, 1997) as well as being a prerequisite for a representative form of governance (Mayhew, 1974; Bianco1994). Indeed, Levi and Brathwaite (1998) maintain good governance implies a mutual trust between citizens and governors as well as mutual trust among citizens themselves.

2.2.3. The Concept of Institutional Trust

According to more general theories, we may distinguish between trusts in persons and trust in institutions. Some analysts, for instance Seligman (1997), drawing on Luhmann (1979), claim that only persons may be considered proper objects of trust, insofar as trust refers to how people handle risk and uncertainty in interpersonal relationships. When you trust someone you take a risk in relation to another actor and assume that the person in question will meet your expectations and not betray you. Thus, trust denotes belief in the goodwill of individuals, and, according to Seligman's reasoning, it does not make sense to talk about belief in the goodwill of institutions in a similar way. From a rational choice perspective, another analyst, Hardin (1999:23), also argues that it makes little sense for 'most people most of the time' to trust institutions. Trust presupposes information about the interests and incentives of other people. Since institutions, in particular government institutions encompass many office-holders, it become impossible for ordinary citizens to keep track of how members of such institutions think and act, and what kind of interests they pursue.

Sztompka (1999:41-45), on the other hand, argues that people may have different targets of trust; social groups, organizations, and institutions may all stand out as objects of social trust because they encompass human activity and human beings. When Sztompka trusts Lufthansa and is prepared to fly on that airline, this means he trusts the 'pilots, cabin crew, ground personnel, technicians, controllers, supervisors' and so forth. In order to trust the airline he does not have to engage with all its employees in face to face interaction. His notions about Lufthansa and its employees are based on various sources: certain limited personal experiences, references from friends, commercials, newspaper reports, TV, etc. The difference between interpersonal trust and

trust directed towards other social objects is not fundamental, Sztompka argues, in as much as the latter implies some references to human actions. As Fukuyama (1995; 1999) suggests, the radius of trust may cover different objects in different societies: from the strong, specific trust most people extend to members of their own family, their friends and immediate neighbors, to the generalized trust they may have in members of certain categories, institutions, professions or even complete strangers. For instance, people may be inclined to trust members of their own indigenous group or the incumbents of certain positions.

Judgments of trustworthiness may also be based on whether institutions are seen as acting in the interest of specific groups. Thus members of an indigenous minority may distrust the government because they feel their interests are not properly represented by that institution. Yet the indigenous majority may find the same institution quite trustworthy because they perceive it to be responsive to their needs. Such judgments of trustworthiness will, of course, depend upon the character of the institution in question and the specific, popular expectations directed towards the institution.

It is important to distinguish between two main forms of institutional trust: trust judgement based on the social identity of groups and trust judgement based on institutional performance. Trust based on social identity refers to a relationship in which trust primarily is extended to members of a group with a particular social identity. We assume that people tend to trust those whom they perceive to be bearers of a commonly shared identity, be it through extended family, social class, indigenous identity, religion, geography and so forth. Such identity-based trust may be extended to public and political institutions when the institutions in question are seen as representing the interests and values of certain identity groups. In Nepal, for instance, these may be defined by social position, caste, or regional and religious affiliation.

Bouckaert (2002:84) maintains that distrust can be a result of loss of identity and similarity leads to trust. If people realize that their interests are similar, this makes it safer for them to trust. Taylor found that trust only emerges when the parties involved realize that their fundamental interests are not necessarily antagonistic (Taylor 1967 cited in Bouckaert 2002: 83). Enchardus and Smits found that religious people were more trusting (Enchardus and Smits 2001 cited in Bouckaert 2002:84).

Previous studies have revealed a complex relationship between social backgrounds and trust in government institutions, and demographic variables are not seen as major determinants of trust in politicians (Bennett and Bennett 1990, Listhaug 1998, Rose and Pettersen 2000: 34—35).

Performance based trust is the expected utility of institutions performing satisfactorily (Coleman, 1990; Dasgupta, 1988; Hetherington, 1998 cited in Mishler and Rose, 2001:31). It is a consequence, not a cause, of institutional performance (Mishler and Rose, 2001:31). Trust in institutions is rationally based; it hinges on citizen evaluations of institutional performance (ibid). They explain that institutions that perform well generate trust; un-trustworthy institutions generate skepticism and distrust. Bad performance of government agencies is said to create negative attitudes towards government in general. Similarly, well-functioning public services are said to lead citizens to trust government (Bok 2001; Sims 2001 cited in Van de Walle, 2002:3).

Performance based trust anchored in how citizens assess the current policy achievements of public institutions (Van de Walle and Bouvkaert 2003). The main idea is that when citizens are satisfied with the output of relevant institutions, they will tend to trust and support them. As Miller and Listhaug state

"Trust .. reflects evaluations of whether or not political authorities and institutions are performing in accordance with normative expectations held by the public. Citizen expectations of how government should operate include, among other criteria, that it be fair, equitable, honest, efficient, and responsive to society's needs. In brief, an expression of trust in government (or synonymously political confidence and support) is a summary judgement that the system is responsive and will do what is right even in the absence of constant scrutiny." (Miller and Listhaug 1990: 358, quoted in Levi and Stoker 2000: 498)

The performance approach to trust in government has two main parts: macro-performance theory and micro-performance theory. Macro-performance theory explains variations in trust across countries and over time as due to variations in unemployment rates, economic growth, inflation, the stability of governments etc (Brown and Coulter 1983; Listhaug and Wiberg 1995; Newton and Norris 1999; Kuechler 1991; Miler and Listhaug 1999; Anderson 1995; Kornberg and Clarke 1994; Zussman 1997 cited in Bouckaert et al 2002:47).

Micro-performance theory relates variations in trust to changes in (the quality of, or the perception of) government service delivery (Norén 2000; Glaser and Hildreth 1999; Hoogland DeHoog, Lowery, and Lyons 1990; Kobi 1998; Rose and Pettersen 2000 cited in Van de Walle, 2002:3). The key to investigating satisfaction with performance (that in turn leads to trust) is the disparity between expectations and performance, or the perception of it (Bouckaert et al. 2002:47).

Institutional performance may be evaluated from different perspectives. Political assessment may focus upon how democratic principles are developed and implemented, whether human and political rights are respected, whether elections are free and fair, etc. Economic evaluations concern how government institutions are contributing to economic growth and development and whether they promote economic well-being. From their study of political support in post-communist regimes in Central and Eastern Europe and the former Soviet Union, Mishler and Rose (2002) conclude that assessments of political performance have had a greater impact than economic performance. However, as Pharr et al. (2000) observe, it is important to keep in mind that citizens' performance evaluations reflect subjective perceptions rather than objective measurements, and as such they are dependent upon access to information through mass media and other sources. Studies find that the political performance of governments on issues such as security and policy responsiveness are associated with enhanced trust (Lipset & Schneider, 1987; Mishler & Rose, 1997, 2001; Turner & Martz, 1997). Miller and Listhaug (1999) argue that the evaluations of political performance are as important as those of economic performance. Political corruption is another factor affecting the degree of public trust in government (Miller and Listhaug, 1999; Otake, 2000; Pharr, 2000 cited in Kim 2007:12).

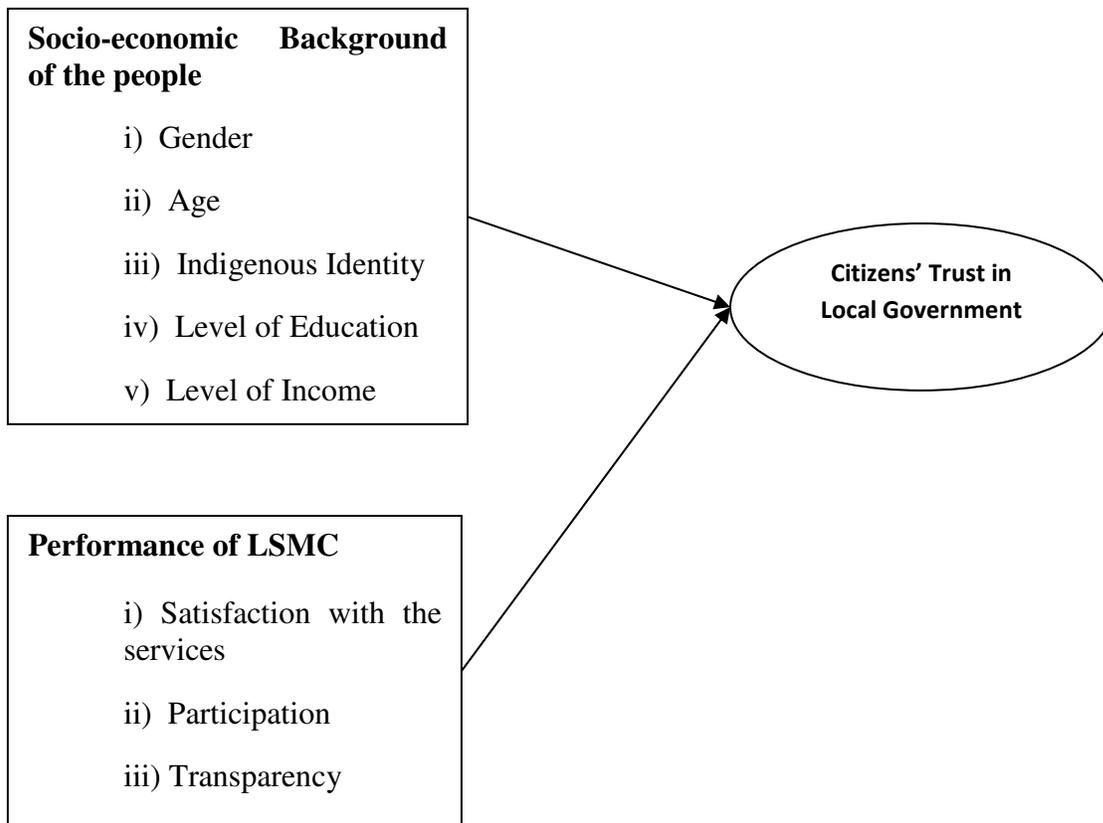
Satisfaction with public services may span a large number of different elements, of both a process and output nature (Bouckaert and Van de Walle 2001: 25-29). People may be satisfied with the existence of a particular service or the availability of certain services that meet their needs. At the same time, they may also be satisfied with information concerning services, the accessibility and friendliness of the service providers they meet, the competence of service personnel, the fairness, effectiveness and efficiency of the services, or other factors (Christensen and Lægreid 2002:10).

The above analysis shows that trust is the result of performance. But some scholars find that trust is the cause of performance. For example, the Canadian Center for Management Development finds that indeed general attitudes towards government affect perceptions of service quality (Erin Research inc. 1998 cited in Van de Walle 2002: 12). Hetherington finds that it is the level of political trust in general that influences trust in the president, and not so much trust in the president that influences political trust in general (Van de Walle 2002: 12). Similarly, Huseby maintains that “the survey data on relationship between evaluations of government performance and political support is incapable of establishing the direction of causality. It is uncertain whether citizens give negative responses to questions on government performance because they do not trust the government or if they loose faith in government because they evaluate the economic performance as poor” (Bouckaert 2002:93). When doing research, one should thus clearly state whether trust will be dealt with as a dependent or independent variable, since trust can be both cause and effect (Ruscio 1996 cited in Bouckaert 2002:93). In the present research trust is treated as the result of performance of LSMC.

Based on these propositions, it is clear that performance of an institute matters for generating trust among people Based on the above discussion, I identify citizens’ satisfaction with the services delivered by the office of LSMC, citizens’ participation in decision making process and transparency in financial matters as the indicator of performance variable of office of Lalitpur Sub-metropolitan City.

2.2.4 Analytical Framework

Based on the aforementioned facts laid by various scholars, I shall use the following analytical framework to the purpose of the present study.



2.3 Introduction of Lalitpur Sub-Metropolitan City (LSMC)

This section has tried to describe the general overview i.e. socio-economic condition, demographic character, and geographic location etc of the study area.

Lalitpur Sub-Metropolitan City is one of the 58 municipalities of Nepal. It is the city of Fine Arts, renowned for its social and religious harmony, historic temples and monasteries, magnificent arts and crafts and indigenous culture. Lalitpur was also known as Patan, Yupagram, Yala, and Lalitpattan in ancient times.

The total area of this municipality is 15.46 sq. km. It is situated in between 27° 39' to 27° 41' Northern latitude and 85° 18' to 85° 21' Eastern longitude. Its elevation is 1280 m. to 1330 m. above the sea level. LSMC is surrounded by Imadol V. D. C. and Harisiddhi V. D. C. in the East, Kirtipur Municipality and Kathmandu Metropolitan City in the West, Kathmandu Metropolitan City in the North and Sainbu V. D. C., Sunakothi V. D. C. and Dhapakhel V. D. C. in the South.

LSMC has 1,62,991 population in total consisting 84, 502 male and 78, 489 female. The overall literacy rate is 66.38% which is better than the national average i.e. 53.74% (CBS 2001). In terms of religion, LSMC consists of 69.70% Hindu, 27.84% Buddhist, 0.46% Muslims and 2.00% others. LSMC is the home of different indigenous communities. Newars are the dominant indigenous group who form more than half of the population (59.28%) of the municipality. Other indigenous groups are; Gurung, Tamang and Kirat/ Rai.

Initially in 1918 A. D. the “Patan Sawal” was issued and “Chhemdol” (Sanitation Management Office) was established to maintain sanitation and other aspects of city management in this historical city of splendid arts and culture. The same office became Lalitpur Municipality in 1953 and finally Lalitpur Sub-Metropolitan City in 1996. Hence Lalitpur Sub-Metropolitan City was the first municipality in Nepal. Lalitpur Sub-Metropolitan City consists of; the town assembly, the municipal board, Mayor, Deputy Mayor, Ward Councilors and Chief Executive Officer. It is divided into 22 Wards and each Ward Committee consists of; one Ward Chairman, three Ward Member, one Woman Member and one Ward Secretary. The Organizational Chart of the municipality is given in appendix 5.

Since the population of Lalitpur Sub-Metropolitan City is dominated by indigenous nationalities, this is reflected in the composition of its employees. The composition of LSMC employees is given in the following table.

Table 2: Distribution of LSMC Employees based on Level and Indigenous Identity.

Level of Employees	Indigenous Nationalities		Non-Indigenous Nationalities		Total	
	N	%	N	%	N	%
Gazetted	13	81	3	19	16	4
Non-Gazetted	83	60	55	40	138	32
Others	213	76	69	24	282	64
Total	309	71	127	29	436	100

Source: Consultation with the office of LSMC, 25 May 2010.

Among the 436 employees 71% are from indigenous nationality. There are 16 gazetted officers, 138 assistants and 282 others which consists peon, metropolitan policemen, drivers, security personnel. In all the levels the ratio of indigenous nationality is not less than 60 percent.

CHAPTER III

RESEARCH METHODOLOGY

The major objective of this chapter is to present the methodology used in this research. Research method provides a planned and systematic approach of investigation that denotes the detail framework of the unit of analysis, data gathering techniques, sampling focus and interpretation strategy and analysis plan. The following section deals with research design, research methods, and sources of data, data collection techniques, validation of data, and data processing and analysis plan in detail.

3.1 Research Design: This study is mainly based on micro study of citizens' trust on local government with special focus on Lalitpur Sub-Metropolitan City (LSMC). It has tried to analyze the relationship between level of citizens' trust and socio-economic status of the citizens as well as performance of LSMC. So descriptive cum analytical research design have been used. The descriptive research design has been used to describe the citizens' trust in their local government. Further, the analytical research design has enabled to establish relationship between different independent and dependent variables used in this research.

3.2 Research Method: There are major three approaches in conducting scientific research i.e. qualitative approach and quantitative approach and mixed approach.

Using both qualitative and quantitative elements in research is known as mixed method research. Mix method overcomes the disadvantages of qualitative and quantitative methods benefits from the advantages of each. Its goal is not to replace either of these approaches but rather to draw from the strengths and minimize the weaknesses of both in single research studies and across studies.

The present study applies a *combined method* i. e. combination of both the quantitative and the qualitative technique.

3.3 Study Population and Sampling: The study population encompasses adult residents of Lalitpur Sub-Metropolitan City. There are 22 wards in Lalitpur Sub-Metropolitan City and it is characterized by moderate urbanization and exhibits urban, suburban and rural characteristics. So, three Wards i.e. Ward No 16, 13 and 1 representing core city area, peripheral and moderate

city area respectively have been selected. The sample size is 17 each for ward No. 1 and 13, and 16 for ward No 16. The total sample size is 50 with equal representation of male and female. The sample population shall be a random probability of these residents. The respondent from each household, an adult 18 years or older, has been chosen at random to ensure a representative cross-section of the population. Efforts have been made to make the sample representative in terms of gender, age, indigenous identity, education and income which is given in the following table.

Table 3: Socio-demographic distribution of respondents compared with the Population of LSMC. Percentage

	Socio-demographic features	Respondents (our sample) %	Population of LSMC Census Data of Nepal 2001 %
Gender	Male	50	52
	Female	50	48
Age	18 – 35 Years	44	NA
	36 – 50 Years	32	
	51 years & Above	24	
Indigenous Identity	Indigenous Nationality	58	64
	Non-Indigenous Nationality	42	22 (14% others)
Education	Illiterate	12	34
	Primary	10	66
	Secondary	20	
	Intermediate & Higher	58	
Income	Less than 50,000	22	NA
	50 to 1 lakh	34	
	100,001 to 150,000	26	
	150,001 & above	18	

NA= Not Available

The above table describes the demographic characteristics of sample compared with the Population of LSMC, carried out by the Central Bureau of Statistics of Nepal in 2001. The data of this study are collected from only those respondents who were 18 years of age or older. I acknowledge that the sample of this study is more biased towards educated people and non-indigenous nationality. I can't say about the age and income due to the unavailability of information.

3.4 Data Collection Tools

The data for the study are obtained from various sources including documents, archival records, questionnaire survey, etc.

3.4.1 Secondary Data

Secondary sources are also major sources of data for this research. For secondary data, this study mainly relied on review of previous studies on local government and trust. To understand the local government in Nepal, various books, policy documents, research articles and reports of the Government of Nepal were reviewed. Similarly, different books, journals, research articles, dissertation reports were mainly used to understand the concept of trust by analyzing definitions offered by various scholars. Further secondary sources have been used to review the existing literature regarding previous studies on citizens' trust in public institutions in different countries, and studies in the context of Nepal. Moreover, the literatures review facilitated in chalking out the theoretical framework for this study.

3.4.2 Primary Data

Questionnaire Survey: This study has used single chief methods of data collection – *questionnaire survey method*. The logic behind using questionnaire is that questionnaire is a very effective instrument that facilitates in collecting data from a large, diverse and widely scattered groups of people (Aminuzzaman 1991:87). Firstly, close-ended questionnaire was developed to obtain the categorized data on respondents' level of trust in LSMC office. The trust survey questionnaire was developed on the basis of the nation wide trust survey conducted by NUFU in 2008 in Nepal and Municipal Election Exit Poll in Canada in 2005. The questionnaire had two sections. The first part included the socio-economic background of the respondents like

gender, age, indigenous identity, educational attainment and annual income of family of the respondents. In the second part, questions measuring citizens' trust level (Question No 7) and questions measuring the performance of LSMC (Question No 8 to 11) have been included. After designing the questionnaire, it was administered among the 50 respondents. Researcher himself visited households and filled the questionnaire himself. The strategy was to make sample representative in terms of gender, age, indigenous identity, education and income while approaching the respondents in the household.

I had experienced some new and exciting things during my field study. Most of the respondents were critical towards me thinking that I was an agent of I/NGOs and had come to them to make money. One of the respondent showed his anger saying "Many people like you came and gave a lot promises to us, but did not do anything". I had to convince them that I was an academic researcher. Similarly, some of the respondents could not comprehend the questions. So I had to explain questions to make them understand. Some female respondents whom I approached for the first time were ignorant about the municipal government so I had to switch to another lady in the same house or another household to fill the questionnaire.

3.6 Validation of Data: The data collected from the field have been crossed checked using the data of trust survey conducted by NUFU project in 2008 in Nepal.

3.7 Data Processing and Analysis Plan:

The data collected through the use of different techniques have been organized, processed, and analyzed by using different statistical tools with the help of SPSS.

The dependent variable under examination here is trust in Local Government with special focus in Lalitpur Sub-Metropolitan City. This study measures trust directly using a scale approach. In the survey composed for the purposes here, individuals were asked: "Using the following scale, please rank how much confidence do you have in your municipal government (LSMC) to do what is right". On the scale, 1 indicated, "not at all confidence" and 4 "great deal of confidence". Once the surveys were completed, respondents were broken into those who had high level of confidence (answered 3 – 4) and those who had low level of confidence (answered 1 – 2).

Cross tabulation has been used to show the relationship between different independent and dependent variables. Data are presented in percentage and mean. The hypotheses related to socio-economic background have been analyzed by comparing mean and further tested by using Chi-square test to find out whether the difference between mean values is statistically significant or not. Further, the correlation has been used to establish the relationship between performance variables and the dependent variables and related hypotheses used in this research.

This chapter focused upon the methodology of the study. It considered the research questions, the survey instrument, the participants, and the plan for analysis. The next chapter will take up the question of the results. It will examine the results from each question and how they apply to the research questions. It will also discuss the findings in terms of the research questions.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This section presents the data and results, which were gathered by the survey. This chapter analyses the factors that affect the citizens' level of trust in their local government. It outlines the general results of the questions regarding trust in local government. This chapter explains how the socio-economic backgrounds of the people and performance of local government affect the citizens' trust level in their local government. The data are used as evidence to justify support or reject research hypotheses which were outlined in the previous chapter.

High trust in government results from both evaluations based on performance, and from trust "feelings" throughout society. The institutional approach bases more weight on the calculating evaluation judgements of government performance, while the cultural approach believes that trust in government is an extension of trust in individuals and engagement within society.

Within the context of Lalitpur Sub-Metropolitan City, this study has designed two models to test citizens' trust in local government. These models use measures of the cultural theory (socio-economic background of citizen) and institutional theory (performance evaluation) to test which of the two approaches best accounted for the differences in trust within the LSMC context.

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Table: 4 Distribution of respondents by Level of Trust. N=50

Level of Confidence	No. of respondents	Percentage
Low	23	46
High	27	54
Total	50	100

[Question: In general, how much confidence do you have in Lalitpur Sub-Metropolitan City “to do what is right”? Do you have a great deal of confidence, quite a lot of confidence, not very much confidence or none at all?]

The above table shows the present scenario of citizens’ trust in Lalitpur Sub-Metropolitan City. Within the overall sample collected, 54 percent of respondents answered that they had high level of trust towards LSMC. When compared to National survey conducted throughout Nepal in 2008, this figure appears to be particularly onerous. In the nationwide survey, 74 percent citizens of LSMC demonstrated high level of trust in local government (VDC and Municipality combined).

From the literature review, it has been clear that citizens’ level of trust is influenced by different factors like socio-economic background of the people, performance of the institution in question etc. This research has considered demographic variables and performance of LSMC as the factors affecting the citizens’ trust level. The following section deals with these variables and associated hypotheses.

4.2 Impact of Socio-economic background of the Respondent on Trust

This section explains how the socio-economic background i.e. socio-economic identity of the respondents affects their level of trust in their local government. Though there might be many other factors related to socio-economic background of the people that might affect people’ level of trust, this research has considered only five variables; gender, age, indigenous identity, education and income to look into their impact in trust. The relationship between socio-economic variables with trust is presented in Table No. 5 as below.

Table: 5 Relation between socio-economic background and Trust.

Socio-economic Background		High Level of Trust (%)	N	Chi-Square Test	
				Value	Significance
Gender	Male	36	25	6.522	0.011
	Female	72	25		
Age	18 – 35 Years	36	22	5.351	0.069
	36 – 50 Years	63	16		
	50 years & above	75	12		
Indigenous Identity	Indigenous	38	29	7.177	0.007
	Non-Indigenous	76	21		
Education	SLC & Below	67	21	2.339	0.126
	Intermediate & Above	45	29		
Income	Low	57	28	.253	.615
	High	50	22		

The sum of the percentages is slightly high due to the effect of rounding.

Question: In general, how much confidence do you have in Lalitpur Sub-Metropolitan City “to do what is right”: 1= none at all, 2 = not very much, 3 = quite a lot confidence, 4= a great deal of confidence & 5 = don’t know

"Don't know respondents are defined as missing and excluded from the analysis.

4.2.1 Gender

The first identity variable under consideration to test the level of trust in local government is gender of the respondents. The hypothesis is set as “female has higher level of trust in local government than the male”. The assumption is that females in developing countries are comparatively less educated and less interested to the outer world. So they have less expectations and hence high level of trust”

Table 5 highlights the level of trust in local government in terms of gender. Out of 25 female more than two-third 72 percent showed the high level of trust in local government while the percentage of males having high level of trust in local government is only 36 percent which is exactly half of the female and much less than the average percentage of citizens having high level of trust in the same (54 percent). This figure clearly shows that females have more trust than the males in LSMC. To test whether this difference is statistically significant or not, Chi-square test has been applied and it proved the difference significant at 0.011 level of significance. So the proposed hypothesis “Females have high level of trust than the males” has been accepted.

Female respondents showed higher level of trust than their male counterpart. It should be due to the fact that they are not aware of their rights as well as the functions of the local government in comparison to the males. So they might have been satisfied with the services currently provided by their municipality. The other reason should be that in our Hindu culture, generally females do not make any negative comments about others.

4.2.2. Age

Another identity variable under consideration to test the level of trust in LSMC is age of the respondents. The level of trust might differ based on the age of the people because the needs, wants and expectations differ from younger people to old people. The hypothesis is set as “the higher the age of the people, higher the level of trust in local government”. The assumption is that young age group has more interest towards the outer world and has knowledge about all the latest information around the world. So they compare the institutions with the developed countries and make their expectation and hence have lower level of trust. Similarly, the young generation is very much curious to do new changes and innovation in each field of activities, and enjoy to experiment with new things. By their nature they are always demanding more and new services from local government. But our local governments are limited to few services and they are not effective in delivering those services. So there is gap between the expectations of the young people and the services provided by the local government leading to low level of trust in it. But on the other hand, the more one gets older, s/he does not want to take any risk and prefers status quo. Old people are habituated with the existing system and are satisfied with the services provided by their local government whatever the services are.

Table 5 shows the clear picture of how the age of the people affects their level of trust in the LSMC. Among the three age groups, highest number (75%) of old age people (51 years and above) showed the high level of trust in local government, while lowest percent (36%) of low age group (between 18 – 35 years) have high level of trust, and 63% middle age (between 36 – 50 years) people showed high level of trust in their municipal government. So this figure shows there is positive relation between the age of the respondents and their level of trust in local government.

But statistically testing, there is not any significant difference between these percentage of different age groups showing Chi-square value 5.351 and assumed significance .069. The hypothesis “the more the age of the people, the higher the level of trust on local government” is not accepted. So the age of the people does not have any influence in determining the level of trust in LSMC.

4.2.3. Indigenous Identity

Another independent variable considered in this study is the indigenous identity of the respondents. The hypothesis is set as “indigenous nationality has less trust in local government than the non-indigenous people.” The reason behind taking this into consideration as a factor for the analysis of trust level is that indigenous people have the feeling of discrimination by the government in the field of ethnic identity, language, religion and culture (Bhattachan 2008:13) and they have started to be united to get equal right as other non-indigenous people are enjoying (ibid:14).

Table 5 shows that out of 21 respondents from non-indigenous nationality 76 percent demonstrated the high level of trust while the percentage of indigenous nationality having high level of trust in their municipal government is 38 percent which is exactly half than that of the non-indigenous nationality. This figure shows that the trust level of indigenous nationality is significantly lower than the trust level of non-indigenous nationality in LSMC. It is also proved by Chi-square test showing the difference between the two groups significant at 0.007 level of significance with 7.177 Pearson' Chi square value.

The reasons behind why indigenous people have lower level of trust than the non-indigenous people is that they are against domination, subjugation, suppression, oppression, depression, compression, exploitation, monopoly etc. by dominant castes (Bahun-Chhetri), religion (Hindu), language (Nepali) and culture (Hindu), sex (male), region (the Kathmandu Valley) (Bhattachan 2008: 26).

4.2.4. Education

The fourth identity variable is the educational attainment of the respondents. The level of trust might differ based on the level of education a respondent completed. The hypothesis is set as “the higher the level of education, lower the level of trust in local government. The rationale behind considering educational background of people in analyzing the level of trust is that

education matters in many ways in determining the level of trust. People with little/no education may not know the functions, duties and services to be provided by LSMC as well as they may not know their rights towards such institutions. Educational attainment up to secondary level provides only the basic and general knowledge about the governance and policy matters, but a person gets matured about such matters through the higher education. Because of their ignorance, uneducated/less educated people are satisfied with the services whatever they are. But on the other hand, more educated people may have knowledge about the responsibilities of the institution in question and they are aware of their rights. Further they can analyze the performance of such institution critically. Similarly, they may have knowledge about the better and/or more services provided by the similar institution inside and abroad. That leads to the higher level of expectations resulting low level of trust.

The table No 5 illustrate that out of 21 respondents with low level of education 67 percent showed the high level of trust in their municipal government while the percentage of respondents having high level of trust among higher education group is 45. The plain comparison of the figure of trust between these two educational group shows that more educated people have low level of trust than the less educated people. In other words, there is negative relation between level of education and level of trust in local government.

But statistically we can not infer that there is negative correlation between level of education and level of trust in local government because the Chi-square test shows no significant difference between these two mean values of trust i.e. Pearson Chi-square value 2.339 and assumed significance (2-tailed) 0.126. So level of education is indifferent in determining the level of trust of people in their local government in case of LSMC. The proposed hypothesis “The higher the level of education, the lower the level of trust” is not accepted.

4.2.5. Income

The fifth or final identity variable under consideration to test the level of trust is annual income of the respondents. The hypothesis is set as “higher the level of income, lower the level of trust in local government”. The assumption is that rich people have greater expectations towards any institution under question than the poor people and want more services.

Table 5 illustrates how the level of income of people affects their level of trust in their local government. People earning up to 1 Lakh per year are defined as low income group and people earning more than 1Lakh per year are defined as high income people.

Among 28 low income people, 57 percent showed high level of trust in LSMC the four income groups, while among the high income people exactly half of them showed high level of trust in LSMC. Thus these figures show that there is not great difference between the level of trust of low income people and high income people. Similarly, statistical test (chi-square test) also does not show any significant difference between the level of trust of these two income groups reflecting Pearson Chi-square value .253 and assumed significance .615. So, in overall, level of income of people does not have any impact on level of trust in LSMC.

Most of the identity variables in the model do not have a significant impact in the level of trust in their local government. Yet the two variables indicating gender and indigenous identity suggest that females and non-indigenous people are more inclined to trust their municipal government. In general, however, we may conclude from this part of our analysis that the impact of identity variables on level of trust in local government is limited. Although we do find some correlation, the overall impression is that most of them are not very strong.

4.3 Impact of Performance of LSMC on Trust.

This section explains how the performance i.e. satisfaction with the services delivered by LSMC, citizens' participation in municipal decision making process and transparency in financial matters of LSMC affects citizens' level of trust in local government. Though there might be many other factors related to performance that might affect people' level of trust, this study has considered only three variables which are analyzed in detail as following.

4.3.1. Satisfaction with the services delivered by the LSMC

The first model is a straightforward attempt to examine whether the citizens' level of satisfaction with the services delivered by LSMC influences their trust in it. The underlying assumption is that if people feel satisfied with the services delivered by LSMC, they may attribute such satisfaction to public policies of LSMC and thus be more inclined to trust in it. In this research five services provided by LSMC i.e. garbage removal, construction and maintenance of

roads/culverts/bridges, sewage and local sanitation, vital registration and design approval of house/ building construction have been considered to measure citizens' level of satisfaction. The level of satisfaction was measured in the scale of one to ten where 1 indicated, "very dissatisfied" and 10 "very satisfied". Once the surveys were completed, respondents were broken into those who had low level of satisfaction (answered 1 – 5) and those who had high level of satisfaction (answered 6 - 10). It is presented in the following table.

Table: 6 Level of Satisfaction with the Services. Percentage and Mean value. N=50

Services	High Level of Satisfaction		Mean
	Number	Percentage	
Vital Registration	46	92	1.92
Garbage Removal	26	52	1.52
Sewage & Local Sanitation	19	38	1.38
Construction & Maintenance of Roads/Culverts/Bridges	17	34	1.34
Design Approval of House/ Building	17	34	1.34

Question: How much satisfied are you with the following services delivered by your municipality? Please circle the appropriate answer. [Scale from 1 (very Dissatisfied) to 10 (Very Satisfied)]

The above table demonstrates that most of the people (92%) are highly satisfied with vital registration having mean value 1.92 which shows that LSMC is efficient enough in delivering this service. Little more than half of the respondents are satisfied with Garbage Removal service with mean value of satisfaction 1.52. LSMC's performance is worst in the areas of Construction and Maintenance of Roads/Culverts/Bridges, and Approval of Design of House/ Building since only 34 percent people are showing high level of satisfaction in these services with mean value 1.34 each. Similarly Sewage and Local Sanitation is not much better than these services as only 38 percent people are satisfied with this service. From this analysis, in most of the services, we can conclude that there is gap between the performance of LSMC and citizens' expectations towards LSMC.

Most of the respondents are dissatisfied with services like design approval of House/Building and Construction & Maintenance of Roads/Culverts/Bridges because there is high level of corruption. It is justified by the following table.

Table: 7 Perception of corruption. Percentage. N= minimum 44 to maximum 46

Services	Perception of corruption
Design approval of House/ Building	91
Development activities (Road/Culverts/Bridges Construction & maintenance etc)	82

Question: Do feel there is corruption in the following activities to be carried out by your municipal government. [With options: Yes, No, & Don't know]

Table 7 shows that at least more than 80% people feel that there is corruption in Design approval of House/ Building as well as Development activities (Road/Culverts/Bridges Construction & maintenance etc).

Further to show the relationship between level of satisfaction and level of trust correlation test has been applied for all five services which is presented in the following table.

Table 8 Correlation: Level of Satisfaction with Services & Level of Confidence in LSMC. N=50

Services	Level of Satisfaction	Level of Trust		Total Number	Correlation	
		Low	High		Value	Significance Level
Vital Registration	Low	50	50	4	.024	Not Significant
	High	46	54	46		
Garbage Removal	Low	75	25	24	.559	0.01
	High	20	80	26		
Sewage & Local Sanitation	Low	61	39	31	.329	0.01
	High	21	79	19		
Construction & Maintenance of Roads/Culverts/Bridges	Low	61	39	33	.408	0.01
	High	18	82	17		
Design Approval of House/ Building	Low	61	39	33	.408	0.01
	High	18	82	17		

Table 8 shows that, in case of all the services, people having high level of satisfaction with the services showed high level of trust in LSMC. Similarly, the result shows positive correlation between the level of satisfaction with all the services, except in case of Vital Registration and citizens' level of confidence in local government. Thus the hypothesis "Higher the level of

satisfaction with the services better the level of trust in local government” is accepted. In other words, those who are less satisfied with the services have the low level of trust and opposite to this those who are highly satisfied with the services have high level of trust in local government.

Further efforts have been made to find out the factor influencing prompt and effective service delivery from Lalitpur Sub-Metropolitan City. There are altogether five factors affecting effective service delivery and citizens were asked to give their level of agreement with these statements which is given in the table below.

Table: 9 Citizens’ Perception about the factors affecting service delivery in LSMC. Percentage. N= minimum 49 to maximum 50

Factors affecting Effective Service Delivery	Level of Agreement		Mean
	Low	High	
Approaching Bureaucratic Channels/Local Elites	62	38	3.33
Influencing Officials using Personal Connection (Afn Manchhe)	14	86	3.28
Bribing Officials	32	68	2.78
Just Approaching LSMC Officials	62	38	2.24
Established Rules, Procedures, Norms	66	34	2.24

[Question: I have listed some factors that may influence getting things done in LSMC. To what extent do you agree or disagree with the statements. Options: Completely Disagree, Partly Disagree, Partly Agree & Completely Agree]

Mean Value is calculated out of four scale.

Table 9 shows that among the five factors affecting effective/prompt service delivery, use of bureaucratic channel or local elites and use of personal connection (Afn Manchhe) are the most influential factors attracting the agreement of more than 85% respondents with mean value of agreement 3.33 and 3.28 respectively. Opposite to this, only around one third of total respondents agree that they can get prompt and effective services from LSMC by just approaching its employees or through established rules, procedures and norms which hold lowest mean value 2.24 each. Bribing lies in between these two extremes attracting the agreement of

68% respondents with mean 2.78. A citizen underlined “Even to find out old documents we need to pay money to the personnel responsible to provide that document free of charge”.

This indicates the lack of rule of law in LSMC. Though there are standard formal rules, procedures and norms to guide the functioning of Lalitpur Sub-Metropolitan City, but in practice other informal factors like use of personal connection and bureaucratic approach, bribe play the vital role.

4.3.2. Participation in Decision Making Process

The second model looks at individuals’ perception of the government decision-making process. In other words, this study looks into whether citizens have been consulted by their municipal government while making decisions that affect their life or not. The hypothesis is set as “the more the participation in decision making process, higher the level of trust in local government”. The assumption is that if people participate in decision making that affect their life, they can influence decision makers to incorporate their interests in the policies and programs to be undertaken by the government. So there is consistency between the expectation of service seekers and performance of service providers resulting high level of trust. The following table illustrates the citizens’ perception of participative decision making process in LSMC. The perception of consultation was measured in the scale of one to four where 1 indicated, “Strongly Disagree” and 4 “Completely Agree”. Once the surveys were completed, respondents were broken into “Disagree” (answered 1 and 2) and “Agree” (answered 3 and 4).

Table: 10 Citizens’ belief that LSMC Consults Enough when Making Decisions.

	No. of respondents	Percentage
Disagree	30	63
Agree	18	37
Total	48	100

Question: How much do you agree that the LSMC consults enough with citizens while making municipal decision that affect citizens’ life? [Completely Disagree, Partly Disagree, partly Agree or Completely Agree, Don’t Know]

The above table shows that a majority of respondents (63%) believe that they have not been consulted enough by their municipal government in making decisions that affect their life, while

on the other hand; the number of people who agree with the same statement is 37% which is almost half than those who disagree that they have been consulted by their municipal government in decision making. This figure shows that level of citizens' participation is very low in LSMC.

Further this level of participation is compared with citizens' level of confidence to test whether citizens' trust is affected by their level of participation in decision making process in their municipal government. The relationship between level of participation and level of trust is presented in the following table. This becomes further clear from the following table.

Table: 11 Correlations between Participation & Trust

		Level of Trust				Correlation	
		Low	High	N	Mean	Value	Significance level
Participation in Municipal Decisions	Disagree	63	37	30	1.37	.453**	0.001
	Agree	17	83	18	1.83		
Total		46	54	48	1.54		

Out of 30 respondents who do not believe that LSMC consults with citizens while making municipal decisions that directly affect their life only 37 percent showed high level of trust in their municipal government, but opposite to this figure the percentage of people who believe that LSMC consults enough with the citizens who have high level of trust in the same is 83 percent that is more than double than those who disagree with the same statement. Similarly, the mean value of trust for participating people (1.83) is much greater than the mean value of non-participating people (1.37). This also shows that participating people have higher level of trust than those who are non-participating. This figure clearly points out that level of participation positively affects their level of trust in the local government. It is also justified by statistical analysis i.e. correlation with spearman correlation value .453 at 0.001 level of significance.

From the above analysis we can infer that everyone tries to promote his/ her own interest or try to maximize own benefits. Participating people have high level of trust in local government

because they can influence the decision makers to incorporate their interests in the policies and programs to be taken by the municipality. By doing so they receive the services what they really expected from their municipality. Contrary to this, there may be gap between the services provided by the municipality and expectations of those citizens who have not participated in decision making. They may feel discriminated by their municipality and it may leads to frustration in them. Further more, due to the feeling of discrimination negative attitude is developed in them towards such discriminating institutions leading to low level of trust

4.2.3. Transparency

Another key component of performance theory is transparency/release of information related to spending of tax money. The hypothesis is set as “the more the local government is transparent in its financial matters, higher the level of trust in it”. The assumption is that if people feel that their local government is transparent enough in financial matters, taxpayers can check the misuse of their tax money by the local government and ensuring that their tax money is being used for the benefit of all people of the municipality. Finally that leads to high level of trust in local government.

The following table illustrates the situation of information release system in LSMC. The following table illustrates the citizens’ perception of participative decision making process in LSMC. The perception of consultation was measured in the scale of one to four where 1 indicated, “Strongly Disagree” and 4 “Completely Agree”. Once the surveys were completed, respondents were broken into “Disagree” (answered 1 and 2) and “Agree” (answered 3 and 4).

Table: 12 Belief that LSMC provides Enough Information Related to How it Spends Tax Money.

	No. of respondents	Percentage
Disagree	36	82
Agree	8	18
Total	44	100

Question: How much do you agree that the LSMC provides enough information to the citizens on how it spends its tax money? [Completely Disagree, Partly Disagree, partly Agree or Completely Agree, Don’t Know]

Table 19 shows that a vast majority of respondents (82%) do not feel the government provides them with enough information about spending of its tax money. This indicates that transparency in financial matters is very weak in LSMC.

Further an attempt has been made to correlate how the level of transparency influences the level of trust in local government which is presented in the following table.

Table: 13 Correlation Between beliefs in Information Release & Level of Trust. N=46

		Level of Trust				Correlation	
		Low	High	N	Mean	Value	Significance level
LSMC provide Enough Information on its tax spending	Disagree	53	47	38	1.47	.305	0.05 (2-tailed)
	Agree	12	88	8	1.88		
Total		46	54	46	1.54		

Table 13 demonstrates that among the respondents who don't believe that LSMC provide enough information to its citizens about how it spends its tax money only 47percent showed high level of trust and their mean value of trust is 1.47 while 88 percent respondents who believe that LSMC provides enough information on the same matter with mean value of trust showing 1.88 which is much higher than the average mean (1.54). These figures clearly show that the more the local government is transparent in financial matters, the higher becomes the level of trust. This hypothesis is satisfied by the correlation analysis indicating Spearman correlation value .305 with significance level 0.05. This proves that transparency in financial matters is relevant for the overall interpretation of how institutional trust evaluations vary.

In overall, the findings of performance variables demonstrate that performance evaluations do explain significant variations in respondents' level of trust in their municipal government. There

were three performance variables namely satisfaction with the services delivered by LSMC, citizens' participation in municipal decision making process and transparency in financial matters. Our findings suggest that all types of performance assessments are relevant.

Thus comparing the strength of the two sets of independent variables i.e. identity variables and performance variables, performance variables are more influential in determining the level of trust in local government since all the performance variables showed positive correlation with level of trust while only two identity variables were found significant in determining the trust level.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Introduction

This concluding chapter is mainly devoted to summaries of the study. First, a recap of main issues of this study is highlighted. Second, an overview of the results of two sets of research hypotheses is presented. It also underlines which are most influential in determining the trust level. Suggestions for future areas of study are also outlined.

As stated in chapter one, the major objective behind this study was “to uncover how the citizens’ level of trust in local government is affected by their socio-economic background and the performance of the local government. There were altogether eight hypotheses; five hypotheses to reflect the socio-economic background of the people and three hypotheses to measure the performance of local government which are as follows:

A) Hypotheses reflecting socio-economic background of the people:

- vi) Females have more trust towards local government than the males.
- vii) Old age people have more trust in local government than the young people.
- viii) Indigenous people have less trust in local government than the non-indigenous people.
- ix) More educated people have less trust in local government than the less educated people.
- x) High income people have less trust in local government than the less income people.

B) Performance related Hypotheses:

- i) The more the citizens are satisfied with services provided by their local government, they have more trust in local government than those who are less satisfied.
- ii) Those who participate in decision making process of local government show more trust than those who do not participate.
- iii) The more the local government is transparent the higher the level of trust.

These hypotheses have been derived from two theories of trust; cultural theory and performance theory explained by Mishler and Rose 2001, Bok 2001, Sim 2001, Van de Walle 2002, Blind 2006, Inglehart 1997, Zack & Knack, 2001.

The study was carried out through mixed methods approach. It has tried to analyze the relationship between the level of trust and socio-economic status of the citizens as well as performance of local government. So descriptive cum analytical research design have been used. The data were collected through close-ended questionnaire survey among the adult residents of LSMC. Besides, secondary resources were utilized to review the literature and to ensure reliability and validity. Results are presented through descriptive and narrative text as well as statistical tools like Chi-square and correlation to show the relationship between independent and dependent variables.

5.2 The summary Results of the Research Hypotheses:

The results of the dissertation research indicate that majority of general public of Lalitpur Sub-metropolitan City. When compared to National survey conducted throughout Nepal in 2008, this figure appears to be particularly onerous. In the nationwide survey, 74 percent citizens of LSMC demonstrated high level of trust in local government (VDC and Municipality combined).

It is different because there are some variations in terms of time of data collection and combination of respondents. The national survey was conducted in 2008 just after the Constitutional Assembly election has been held. That election has developed the positive attitude towards public institutions including local governments. But present study is carried two years later and the present scenario of governance has been further deteriorated in the country. Citizens' expectations towards public institutions have not been materialized yet. So frustration towards the government institutions has been increased among citizens. The assumption of this study is that the level of trust is influenced by the socio-economic background of the people as well as by the performance of local government and accordingly eight hypotheses has been tested. The following section gives a brief overview of the results of those hypotheses.

5.2.1 Socio-economic factors affecting the level of trust and related hypotheses

The present study has considered gender, age, indigenous identity, education and income as the socio-economic factors influencing the level of trust in local government.

i) Gender: The research hypothesis for gender was that females have more trust in local government than the males. The percentage of females (72%) having high level of trust in LSMC is double than the males (36%). This difference is justified statistically with Chi-square Test significant at 0.011 level of significance. Thus, this study yielded evidence to support the assertion that the female has a higher level of trust in local government compared males.

ii) Age: The research hypothesis for age was that “the more the age of the people, the higher the level of trust on local government. Though the frequency table showed the positive relation between the age of the respondents and their level of trust in LSMC i.e. the percentage old age, middle age and young age respondents with high level of trust in LSMC is 75 percent, 63 percent and 36 percent respectively. But statistically testing, there is not any significant difference between these figures showing Chi-square value 5.351 and assumed significance .069. Thus the hypothesis “the more the age of the people, the higher the level of trust on local government” is not accepted. In other words, age of the respondents is indifferent in influencing the level of trust in LSMC.

iii) Indigenous Identity: The research hypothesis for this independent variable is that indigenous people have less trust in local government than the non-indigenous people. The result showed that the percent of indigenous nationality (38%) with high level of trust in LSMC is half than non-indigenous nationality (76%). It is also proved by Chi-square test showing the difference between the two groups significant at 0.007 level of significance. Thus the proposed hypothesis “indigenous nationality has less trust in local government than the non-indigenous people” is accepted.

iv) Level of Education: The research hypothesis for this independent variable is that more educated people have less trust in local government than the less educated people. Though the percent showing high level of trust among the respondents with low level of education (67%) is higher than the percent showing high level of trust among high level of education (45%), statistically we can not infer that there is negative correlation between level of education and

level of trust in local government because the Chi-square test shows no significant difference between these two educational groups i.e. Pearson Chi-square value 2.339 and assumed significance (2-tailed) 0.126. So level of education is indifferent in determining the level of trust of people towards LSMC.

v) **Income:** The research hypothesis for this independent variable is that more earning people have less trust in local government in comparison to less earning people. Though the frequency table shows that high income people have less trust in LSMC, but statistical test (chi-square test) does not show any significant difference between these two income groups. So, in overall, level of income of people does not have any impact on level of trust towards LSMC.

Most of the socio-economic variables in the model do not have a significant impact in the level of trust in their local government. Yet the two variables indicating gender and indigenous identity suggest that females and non-indigenous people are more inclined to trust their municipal government. In general, however, we may conclude from this part of our analysis that the impact of identity variables on level of trust in local government is limited. Although we do find some relation, the overall impression is that most of them are not very strong.

5.2.2 Performance related factors affecting the level of trust and related hypotheses

The present study has considered satisfaction with the services, participation in decision making process and access to information as the performance related factors influencing the level of trust in local government.

i) **Satisfaction with the services:** The research hypothesis for this variable is that higher the level of satisfaction with the services delivered by local government, the higher the level of trust. This research has considered five services i.e. garbage removal, construction and maintenance of roads/culverts/bridges, sewage and local sanitation, vital registration and design approval of house/ building construction provided by the LSMC to look into the impact of these variables in the level of trust. Except in case of Vital Registration, the result shows positive correlation between the level of satisfaction with all the services and citizens' level of confidence in local government. Thus the hypothesis "Higher the level of satisfaction with the services higher the level of trust in local government" is accepted

ii) **Participation in Decision Making Process:** The research hypothesis for this variable is that people who participate in decision making process have more trust in local government than that of those who do not participate/participate less i. e. higher the level of participation, higher the level of trust. The mean value of trust for participating people (1.83) is much greater than the mean value of non-participating people (1.37). This shows that participating people have higher level of trust than those who are non-participating. It is also justified by statistical analysis i.e. correlation with spearman correlation value .453 at 0.001 level of significance. So participation matters in deciding the level of trust in local government.

iii) **Transparency:** The research hypothesis for this variable was that the more the local government is transparent in financial matters, the higher the level of trust. The people who believe LSMC provides enough information on how it spends its tax showed higher level of trust with mean score 1.88 than those who don't believe with mean score 1.47. This hypothesis is satisfied by the correlation analysis indicating Spearman correlation value .305 at 0.05 level of significance. This proves that transparency in financial matters is relevant for the overall interpretation of how institutional trust evaluations vary.

The above findings suggest that performance evaluations do explain significant variations in respondents' level of trust in their municipal government. Hence trust in local government depend very much on how respondents evaluate the performance of the same i.e. how much satisfactory the services are, how much participatory the decision making process is and how transparent is the local government in financial matters.

The strong relationship between indigenous identity and level of trust is alarming. It is in line with the observation of other observers that Nepal's political institutions have until recently been excluding significant socio-cultural groups from democratic participation (e.g., Lawoti 2007). This is similar to observations from the regime change in South Africa (Askvik 2008 cited in Zamil 2010; 26). He further points out that racial identity and party identification have appeared as stable, independent sources of trust in government over a period over more than 10 years after the fall of apartheid. Regardless of how they otherwise evaluate the performance of political institutions, members of the black majority have been significantly more inclined to trust such institutions than members of the white minority (ibid: 27).

But this result is different from the findings of national survey which has shown no relation between indigenous identity and level of trust (Zamil 2010, 25). On the other hand, it is surprising that females have more trust than their counterpart though they are described as disadvantaged group in Nepal. In this perspective, they should have less trust than the males. It shows that either the LSMC is gender friendly or females do not care about the performance of their local government.

High trust is vital for legitimate government. A legitimate government creates an atmosphere conducive to economic and social growth and development. High trust encourages individuals to invest and reduces the transaction costs associated with such investment by lessening the amount of time spent investigating the safety of the investment (Zack & Knack, 1998:3).

The LSMC's legitimacy, as illustrated by the results of this study, is supported by majority of the respondents. And further more, between the two sets of independent variables i.e. identity variables and performance variables, performance variables are more influential in determining the level of trust. So, this study concluded that it is imperative that the LSMC should emphasis in improving its performance to garner trust of more citizens.

To increase trust in the LSMC, it is essential that the municipal government address the gap between the performance of the institution and expectations of the people towards it. LSMC should work in increasing the citizens' participation in municipal decisions as well as maintaining the transparency in its financial matters. Further more, LSMC should pay its due attention to control the corruption and establish the rule of law.

5.3 Implications for Future Research

This study has explored the main factors that have been affecting the level of trust in local government with special focus in Lalitpur Sub-Metropolitan City in Nepal. With respect to building upon this dissertation research, because the research findings were endemic to a single unit of local government (Lalitpur Sub-Metropolitan City), it would be hazardous to generalize these findings to the Nepal's population as a whole. It would be beneficial if future research is done to investigate to more cases studies for larger generalization. There is a need for further empirical research. As Bouckaet, et al. (2002) notes, trust is never absolute; it is always conditional and contextual. Furthermore, broad social changes may be affecting the meaning of

trust over time (Barber 1983). The meaning of public trust several decades ago may have a much different meaning today, and the meaning of trust in government today may have a much different meaning in the future. Thus, this dissertation research, although a worthy endeavor, represents just a snapshot in time of a particular population. Follow-up studies are warranted to measure the results of the dissertation questions over time. In addition, it would be appropriate to perform comparative studies between rural and urban local government as well as between local and central government.

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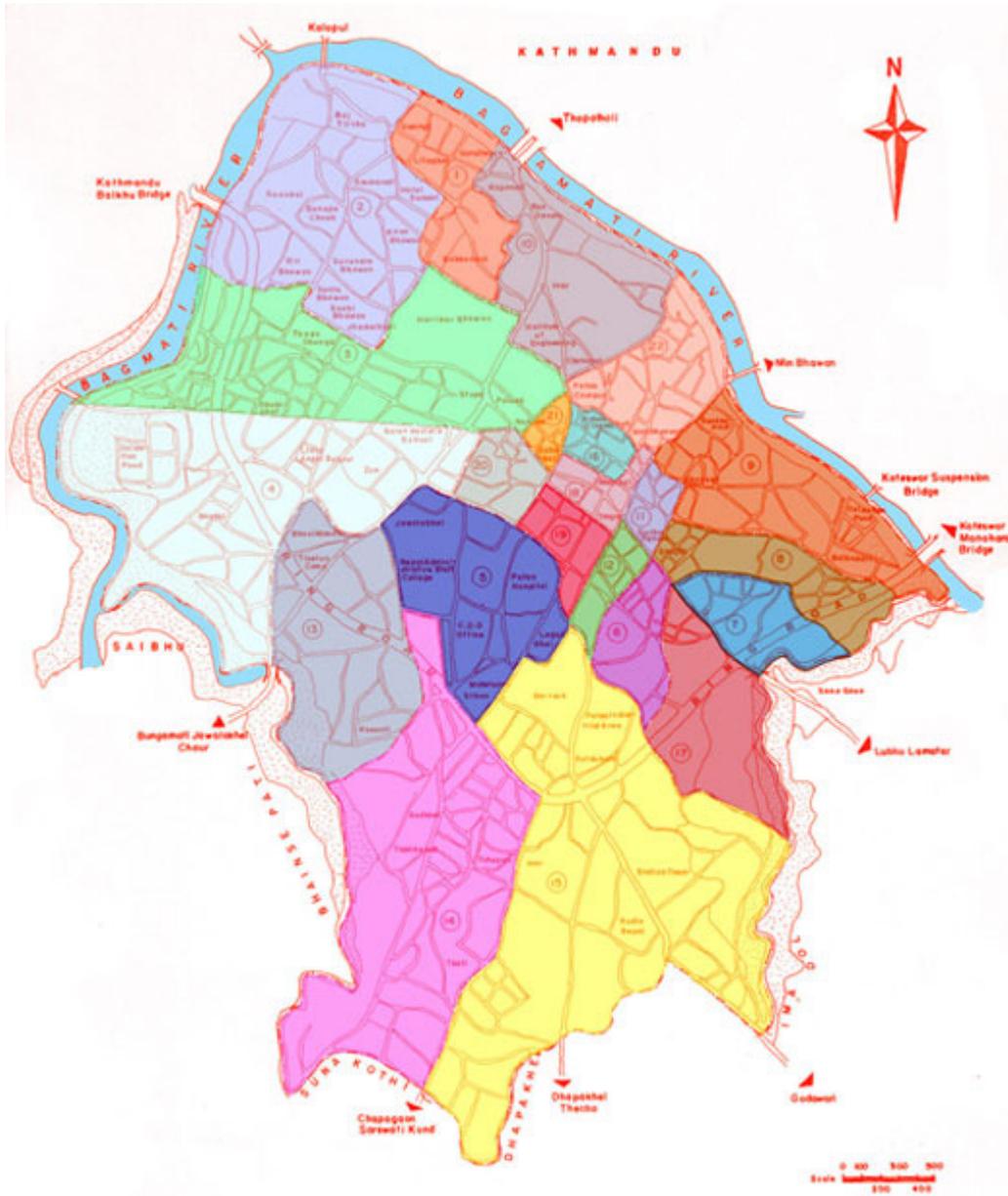
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Appendices

Appendix: i) City Map of Lalitpur Sub-Metropolitan City



Appendix ii) Questionnaire

Part A: Socio-economic background of the respondent

1. Name (optional):
2. Gender: 1 Male, 2 Female
3. Age (current):
4. Indigenous Identity: 1) Yes 2) No
5. Education: (please circle the right answer)
 - 1 Illiterate
 - 2 Primary education
 - 3 Secondary level
 - 4 Intermediate & Higher Education

6. Annual Income of your family

Part B: Citizens’ confidence/trust in the performance of Lalitpur Sub-metropolitan City (LSMC)

7. In general, how much confidence you have in LSMC “to do what is right”? (Please circle the right answer).
 1. Not at all
 2. Not very much confidence
 3. Quite a lot of confidence
 4. A great deal of confidence
 5. Don’t Know

8. How much satisfied are you with the following services delivered by your municipality? (please circle the right answer)

Services	1 Very Dissatisfied	2	3	4	5	6	7	8	9	10 Very Satisfied	99 Don't Know
Garbage Removal											
Construction & Maintenance of Roads/Culverts/Bridges											
Sewage & Local Sanitation											

Vital Registration											
Design Approval of House/ Building Construction Process											

9 I would like to know the factors that influence getting things done in the Lalitpur Sub-Metropolitan City. Below I have listed some factors that may influence decision making. To what degree do you agree with the following statements: (please circle the right answer)

I can get effective and speedy service from LSMC by/through:	completely Disagree	Partly Disagree	Partly Agree	completely Agree	Don't know
Just approaching the employees of Municipality, things are usually get done	1	2	3	4	9
Influencing employees of Municipality by using personal connections such as "Afn Manche"	1	2	3	4	9
Established rules, procedures and norms	1	2	3	4	9
Bribing employees of Municipality	1	2	3	4	9
Approaching local politicians and elites	1	2	3	4	9

10. In which areas of activities you feel there is corruption? (Circle the right answer)

- a) Building construction ()
- b) Development activities ()
- c) If any other (Please specify).....

11. How much do you agree with the following statements? (Please circle the right answer)

a) Your municipal council consults enough with citizens when making decisions.

1) Strongly Agree 2) Partly Agree 3) Quite Disagree 4) Strongly Disagree 5) Don't Know

b) Your municipal government provides enough information about how it spends your tax.

1) Strongly Agree 2) Partly Agree 3) Quite Disagree 4) Strongly Disagree 5) Don't Know

Thank You

Appendix: iii Indigenous Nationalities of Nepal

MOUNTAIN

- | | | |
|----------------|----------------------|-----------------------|
| 1. Bara Gaunle | 7. Lhomi (Shingsawa) | 13. Thakali |
| 2. Bhutia | 8. Lhopa | 14. Thudam |
| 3. Byansi | 9. Marphali Thakali | 15. Tingaunle Thakali |
| 4. Chhairotan | 10. Mugali | 16. Topkegola |
| 5. Dolpo | 11. Siyar | 17. Sherpa |
| 6. Larke | 12. Tangbe | 18. Wallung |

HILL

- | | | |
|------------------|---------------|-------------|
| 1. Bankaria | 9. Hayu | 17. Newar |
| 2. Baramo | 10. Hyolmo | 18. Pahari |
| 3. Bhujel/Gharti | 11. Jirel | 19. Rai |
| 4. Chepang | 12. Kushbadia | 20. Sunuwar |
| 5. Chhantyal | 13. Kusunda | 21. Surel |
| 6. Dura | 14. Lepcha | 22. Tamang |
| 7. Fri | 15. Limbu | 23. Thami |
| 8. Gurung | 16. Magar | 24. Yakkha |

INNER TARAI

- | | | |
|------------|----------|----------|
| 1. Bote | 4. Kumal | 7. Raute |
| 2. Danuwar | 5. Majhi | |
| 3. Darai | 6. Raji | |

TERAI

- | | | |
|------------|---------------------|-------------------|
| 1. Dhanuk | 5. Kisan | 8. Satar/ Santhal |
| 2. Dhimal | 6. Meche | 9. Tajpuria |
| 3. Gangai | 7. Rajbanshi (Koch) | 10. Tharu |
| 4. Jhangad | | |

Source: Nepal Rajpatra (Nepal Gazette), February 7, 2002.

Appendix: iv) Functions of Municipality as per the LSGA 1999

A) Mandatory Functions:

(a) Relating to Finance:

- (1) To prepare annual budgets, plans and programmes of the Municipality and submit them to the Municipal Council.
- (2) To keep the accounts of incomes and expenditures, and other documents pertaining thereto in an up-dated manner.
- (3) To expend the money to execute the decisions of the Municipality, subject to the limits of the approved budget.
- (4) To raise taxes, charges and fees etc. approved by the Municipal Council.

(b) Relating to Physical Development :

- (1) To frame land-use map of the Municipality area and specify and implement or cause to be implemented, the industrial, residential, agricultural, recreational areas etc.
- (2) To prepare housing plan in the area of Municipality and implement or cause to be implemented the same.
- (3) To carryout plans on drinking water and drainage in the areas of Municipality and operate, maintain and repair or cause to be operated, maintained and repaired the same.
- (4) To develop, or cause to be developed, green zones, parks and recreational areas in various places in the Municipality area.
- (5) To arrange for, or cause to be arranged for, public toilets in various places in the Municipality area.
- (6) To approve or cause to be approved designs of houses, buildings etc. to be constructed in the areas of the Municipality.
- (7) To build community building and rest houses.

(c) Relating to Water resources, Environment and Sanitation :

- (1) To preserve rivers, streams, ponds, deep water, wells, lakes, stone water-taps etc. and utilize, or cause to be utilized them properly.

(2) In the event of necessity to carry out irrigation plans in the Municipality area, to make plans thereof and implement and cause to be implemented the same.

(3) To control and prevent, or cause to be controlled and prevented the possible river-cuttings, floods and soil erosion in the Municipality area.

(4) To assist, or cause to be assisted, in environment protection acts by controlling water, air and noise pollution to be generated in the Municipality area.

(5) To protect or cause to be protected the forests, vegetation and other natural resources within the Municipality area.

(6) To carry out or cause to be carried out sanitation programmes in the Municipality area.

(7) To carry out and manage or cause to be carried out and managed the acts of collection, transportation and disposal of garbages and solid wastes.

(8) To generate and distribute or cause to be generated and distributed electricity in the Municipality area.

(d) Relating to Education and Sports Development :

(1) To establish, operate and manage pre-primary schools with own source in the Municipality area and give permission to establish the same.

(2) To extend supports in the operation and management of schools being operated within the Municipality area and to make recommendations for the establishment and dissolution of such schools.

(3) To assist in providing primary level education in mother tongue within the Municipality area.

(4) To make arrangements for providing scholarships to the students of oppressed ethnic communities who are extremely backward on economic point of view.

(5) To prepare and implement or cause to be implemented programmes on Municipality level adult education and informal education.

(6) To open, operate and manage or cause to be opened, operated and managed, libraries and reading halls in the Municipality area.

(7) To prepare and implement or cause to be implemented, sports development programmes.

(8) To develop or cause to be developed sports by constituting Municipality level sports development committee.

(e) Relating to Culture :

(a) To prepare an inventory of the culturally and religiously important places within the Municipality area and maintain, repair, protect and promote, or cause to be maintained, repaired, protected and promoted, them.

(b) To protect, promote and use or cause to be protected, promoted and used, archaeological objects, languages, religion and culture within the Municipality area.

(f) Relating to Works and Transport :

(1) To prepare plans of unpitched and pitched roads, bridges and culverts as needed within the Municipality area, except those roads which are under the responsibility and control of His Majesty's Government, and construct, maintain and repair or cause to be constructed, maintained and repaired, the same.

(2) To arrange or cause to be arranged for bus parks and parking places of rickshaws (three-wheelers), horse-carts, trucks etc. within the Municipality area.

(3) To prescribe the upper limit of push-carts, rickshaws, horse-carts etc. in consideration of transport requirement of the Municipality and register and provide number to them.

(g) Relating to Health Service :

(1) To operate and manage, or cause to be operated and managed, municipal level hospitals, Ayurvedic dispensaries and health centers.

(2) To open, operate and manage, or cause to be operated and managed, health posts and sub-health posts within the Municipality area.

(3) To formulate programmes relating to family planning, mother and child welfare, extensive vaccination, nutrition, population education and public health, and to implement or cause to be implemented the same.

(4) To arrange, or cause to be arranged, for prevention of epidemics and infectious diseases. (5) To ban the public use of such things and objects in the Municipality area as are harmful to the public health or remove the same.

(6) To ban the sale, distribution and consumption of such type of consumer goods which may cause adverse effects on public health.

(h) Relating to Social Welfare:

(1) To arrange, or cause to be arranged, for cremation of heirless dead person, and to make arrangements for orphanages for helpless people, orphans and children bereaved of parents.

(2) To carryout, or cause to be carried out, programmes relating to the interests and welfare of the women and children and acts relating to the control of immoral profession and trade.

(i) Relating Industry and Tourism :

(1) To act or cause to act as a motivator to the promotion of cottage, small and medium industries in the Municipality area.

(2) To protect, promote, expand and utilize or cause to be protected, promoted, expanded and utilized, natural, cultural and tourists heritage within the Municipality area.

(j) Miscellaneous :

(1) To do plantation on either side of the roads and other necessary places in the Municipality area.

(2) To determine and manage places for keeping pinfolds and animal slaughter house.

(3) To protect barren and governmental unregistered (Ailani) land in the Municipality area.

(4) To determine and manage crematoriums.

(5) To act for the development of trade and commerce.

(6) To frame bye-laws of the Municipality and submit it to the Municipal Council.

(7) To carry out necessary functions on the controlling of natural calamities.

(8) To maintain inventory of population and houses and land within the Municipality area.

(9) To register birth, deaths and other personal events pursuant to the prevailing law.

- (10) To maintain inventory of the helpless, orphan and disabled children within the Municipality area and arrange to keep them in appropriate place.
- (11) To secure public interest by killing rabid and strayed dogs and specify the places to bury dead animals and birds into.
- (12) To have such trees cut and houses, walls etc. creating hazardous results demolished.
- (13) To up-date the block numbers of the houses in the Municipality area.
- (14) To arrange for animal slaughter houses.
- (15) To impound and auction strayed animals.
- (16) To arrange for lighting on the roads and alleys.
- (17) To grant approval to open cinema halls in the Municipality area.
- (18) To arrange or cause to be arranged for Haat bazaar, markets, fairs and exhibitions etc.
- (19) To operate and manage or cause to be operated and managed fire brigades.
- (20) To confer the honour of distinguished person of the town on any distinguished person.
- (21) To carry out or cause to be carried out other acts relating to the development of the Municipality area.
- (22) To render assistance for the development of cooperative.
- (23) To evaluate the performance of the Secretary and forward it with recommendation to the authority.
- (24) To encourage or cause to be encouraged to carry out cooperative, industrial and commercial activities generating income to the Municipality with the investment of private sector as well.
- (25) To formulate various programmes based on cooperativeness and to carry out or cause to be carried out the same.
- (26) To carry out such other functions as are prescribed under the prevailing law.

B) Optional functions of Municipality:-

- (a) To make necessary arrangement for providing standard school education in the Municipality area.
- (b) To launch literacy programmes to eradicate illiteracy from the Municipality area.
- (c) To open and operate libraries and reading halls in various places within the Municipality area.
- (d) To control unplanned settlement within the Municipality area.
- (e) To make the structure and development of the town well-planned through the functions such as guided land development and land use.
- (f) To arrange for the aged rest- houses and orphanages.
- (g) To arrange for the supply of electricity and communications facilities.
- (h) To arrange for recreational parks, playing grounds, museums, zoos, parks etc. in the Municipality area.
- (i) In order to reduce unemployment, to collect the data of unemployed persons and launch employment generating programmes.
- (j) To launch programmes to control river pollution.
- (k) To provide ambulance service in the Municipality area.
- (l) To arrange for dead body carriers in the Municipality area.
- (m) To carry out preventive and relief works to lessen the loss of life and property caused from natural calamity.

Organization Structure of Lalitpur Sub-Metropolitan City Office

