Service Delivery and Accountability

The Case of Rural Drinking Water in Nepal

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Abstract

Successful delivery of public service depends on how the relationships are forged by the actors (organizations) involved in service provision in a given socioeconomic and political context. By applying Agency Theory to the accountability features of service transaction and Activity Theory as a tool to define relationships, I have demonstrated that the public sector (District Governments) exhibits a more liberal attitude towards relationships with community based organizations (Water Users' Committees) in the provision of rural drinking water, while being more formal in relationships with the technical service providers (NGOs). The resolution of the dilemma regarding whether to choose trust-based or more formal contractual relationships with community and service providers in service provision, depends on how effectively the public sector builds their capacity to monitor, supervise and enforce the terms of the service provision relationship. The study of the application of accountability features in the service delivery transaction helps us to understand how a government organization structures its relationships with community organizations and with others, by using either a social or a market approach. The research also reveals that it is difficult to assign accountability in the collaborative network type of service provision, particularly for the provision of public goods and services, which demands a greater level of formal accountability to legitimise the functioning of the government.

Dedication

I would like to dedicate this research work to my late father, Mr Nanda Bahadur Rai, who inspired us and showed us the path, and how to live in this world for the sake of mankind.

Acknowledgements

Acronyms/Abbreviations

AcT	Activity Theory
ADB	Asian Development Bank
ADDCN	Association of the District Development Committees of Nepal
AgT	Agency Theory
AIN	Association of International INGO
ARC	Administrative Reform Commission/Committee
AusAid	Australian Aid
CARE	CARE INGO
CBO	Community Based Organization
CBWSSSP	Community Based Water Supply and Sanitation Sector Project (ADB)
CIAA	Commission for the Investigation of Abuse of Authority
CIDA	Canadian International Development Agency
CPM	Collaborative Public Management
DANIDA	Danish International Development Agency
DASU	Danish Advisory Service Unit
DDC	District Development Committee
DED	German Development Service
DFID	Department for International Development, UK
DoLIDAR	Department of Local Infrastructure Development and Agricultural Road
DRILP	Decentralized Rural Infrastructure and Livelihood Programme (of ADB and SDC)
DTO	District Technical Office
DWSS	Department of Water Supply and Sewerage
ENPHO	Environment and Public Health Organization
EU	European Union
FECOFON	Federation of Community Forest Users Nepal
FEDWASUN	Federation of Drinking Water and Sanitation Users Nepal
FUC	Forest Users' Committee
GGA	Good Governance Act
GIZ	German International Cooperation
GoN	Government of Nepal
Helvetas	Swiss INGO
ICRC	International Committee of Red Cross
IDA	International Development Agency (of World Bank)
IFAD	International Fund for Agriculture Development
IMF	International Monetary Fund
INGO	International Non-governmental Organization
INLOGOV	Institute of Local Government Studies
JOCV	Japanese Overseas Cooperation Volunteer
KUKL	Kathmandu Upatyaka Khanepani Limited (Kathmandu Valley Drinking Water Ltd.)
KVWSMB	Kathmandu Valley Water Supply Management Board
LBFAR	Local Bodies Financial Administration Rules
LDO	Local Development Officer
LGAF	Local Governance and Accountability Facility
LGCDP	Local Governance Community Development Programme
LID	Local Infrastructure Development
LSGA	Local Self-governance Act (1999)
LSGR	Local Self-governance Rules (1999)
MCPM	Minimum Conditions and Performance Measurement (framework)

MDG	Millennium Development Goals
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoPPW	Ministry of Physical Planning and Works
MoU	Memorandum of Understanding
MoUD	Ministry of Urban Development
MPM	New Public Management
NDWQS	National Drinking Water Quality Standard
NEF	New Economic Foundation
NEWAH	Nepal Water for Health
NFN	NGO Federation of Nepal
NGO	Non-governmental Organization
NORAD	Norwegian Agency for International Development
NPC	National Planning Commission
NPG	New Public Governance
NPR	Nepalese Rupees
NPSC	National Project Steering Committee
NWSC	Nepal Water Supply Corporation
OAG	Office of Auditor General (of Nepal)
OECD	Organizations for Economic Co-operation and Development
OXFAM	XFAM INGO
PA	Public Administration
PAF	Poverty Alleviation Fund – World Bank
PEs	Public Enterprises
PLAN	PLAN INGO
PMU	Project Management Unit
PRAN	Programme for Accountability in Nepal
PRSP	Poverty Reduction Strategy Plan
QUANGO	Quasi Non-governmental Organization
RAIDP	Rural Accessibility Improvement and Decentralization Project (of World Bank)
RRRSDP	Rural Reconstruction and Rehabilitation Sector Development Project of (SDC and DFID)
RVWRMP	Rural Village Water Resource Mobilization Project - Finland
RWSSFDB	Rural Water Supply and Sanitation Fund Development Board
RWSSNPS	Rural Water Supply and Sanitation National Policy and Strategy
RWSSP-WN	Rural Water Supply and Sanitation Project in Western Nepal - Finland
SA	Service Agency
SCF	Save the Children Fund
SDC	Swiss Development Cooperation
SEIU	Sector Efficiency Improvement Unit of the Ministry of Urban Development, Government of Nepal
SNV	Netherlands Development Organization
SO	Service Organization
SP	Service Provider
SSTWSSSP	Second Small Towns Water Supply and Sanitation Sector Project (ADB)
STWSSSP	Small Town Water Supply and Sanitation Sector Project - ADB
SWAp	Sector Wide Approach
SWC-N	Social Welfare Council Nepal
TS	Third Sector
TSO	Third Sector Organization
TYIP	Three Year Interim Plan
UAT	Universal Access Target
UEIP	Urban Environment Improvement Project (ADB)
UK	United Kingdom

UN	United Nations
UNDF	United Nations Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNV	United Nations Volunteers
VDC	Village Development Committee
VSO	Volunteer Service Overseas (of the UK)
WASH	Water Sanitation and Hygiene
WaterAid	INGO working in WASH Sector
WATSAN	Water and Sanitation
WB	World Bank
WSSDO	Waster Supply and Sanitation Divisional Office
WSST	Water and Sanitation Support Team
WSSU	Water Supply Sanitation Support Unit
WSTFC	Water Supply Tariff Fixation Commission
WUC	Water Users' Committee

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CHAPTER ONE

1. Introduction

1.1 Background

Nepal, with a 26,494,504 population and 147,181 sq. km area (CBS, Nepal, 2011) is a landlocked country surrounded by India from the east, south and west, and by China from the north. Socially Nepal is very diverse, inhabited by more than 100 castes and ethnic groups (Dahal, D.R. 2012). Geographically, it is also diverse, ranging from the world's tallest peak, Mount Everest (8,848 m) in the north, to the Terai plain in the south.

Nepal has made impressive progress in development over the last two decades despite political turmoil. This is evidenced through the progressive change in its Human Development Index (HDI) from 0.234 in 1980 to 0.463 in 2012 (Health 0.774 from 0.444, Education 0.358 from 0.126, and Income 0.359 from 0.256) (UNDP 2013). However, Nepal is still far behind in HDI with its ranking of 157 in 186 nations (UNDP 2013) and in the corruption index it is at 116 out of 177[1]. Nepal has received foreign aid since 1950. Although the share of external aid is declining the country still depends largely on it, as it constituted 22% of the total national budget in the fiscal year 2013/14[2].

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[1]   Source: Transparency International http://www.transparency.org/country#NPL accessed on 19 May 2014

[2]   "Grant receipt in fiscal year 2012/13 is estimated to rise by 15.1 per cent as compared to previous fiscal year reaching a total of Rs. 46.98 billion"-
http://www.mof.gov.np/uploads/document/file/EcoSurvey_20130905024213.pdf accessed on 5 December 2013.

A conflict lasting over a decade (1995 to 2005) has greatly affected the nation building process of Nepal. It left a large proportion of the population internally displaced[3] and more than 10,000 people dead[4]. Although the government has been changed five times[5] after the successful holding of the first Constituent Assembly election on 10 April 2008, it failed to deliver the Constitution of the Nation in the stipulated time frame. The second Constituent Assembly was held on 19 November 2013 where the two political parties, Nepalese Congress (NC) and Unified Marxist-Leninist (UML), emerged as leading parties and formed the coalition government with other small parties. The Communist Party of Nepal (CPN) Maoist, which had received the largest number of votes in the first Constituent Assembly, has fallen behind.

The country's political landscape has changed rapidly over the last twenty years, from the unitary Panchayat system (1960) to multiparty democratic rule under a constitutional monarchy (1990) and then to a democratic federal republic system (2007). However, the basic governing structure (central, district and local governance) has remained more or less the same despite some structural reform introduced in early 1990s. Even during the conflict period, though public service delivery structures were greatly disturbed, destroyed or damaged, they were not completely rooted out. Successive governments of the past and present still depend on the same old government structure, e.g. the same civil service system, central and local government structures, national planning and public finance system and procedure etc.

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[3]   The number of internally displaced people according to the Government of Nepal (GoN) is 70,425 people; OCHA is 50,000 to 70,000 people; UNHCR is 200,000 people; and UNDP – 80,000 people. Source: http://www.inseconline.org/pics/1289800165.pdf accessed on 13 January 2014

[4]   INSEC (2005), www.insec.org.np accessed on 13 January 2014.

[5]   Prime Minister Pushpa Kamal Dahal, of the CPN Maoist-led coalition resigned in May 2009. Prime Minister Madhav Kumar Nepal's UML-led coalition government was formed and resigned in February 2011. This was followed by the same UML-led coalition by Prime Minister Jhala Nath Khanal which was toppled in August 2011. After this, a CPN Maoist-led coalition again formed a government under Prime Minister Baburam Bhattarai. The failure by the political parties to draft the constitution eventually led to the dissolution of the Constituent Assembly, afresh political mandate was sought. For the purposes of transition, the then Chief Justice Khilraj Regmi was made the chairman of the caretaker government until the second Constituent Assembly was held on 19 November 2013.

Owing to longstanding inherited institutional constraints, the government has acknowledged the weak institutional capacity of the development administration, service delivery institutions, and monitoring entities, and consequently, poor service delivery (MoF 2013b, p. 4). Realizing these challenges, the government seems to be committed to improving the service delivery provision through some important initiatives such as the Chief Secretary of the Government of Nepal being appointed as the chairperson of the Central Monitoring Committee at the Prime Minister's Office Cabinet. This committee's task is to make public service delivery simple, easy, and transparent (NPC 2013, p. 8).

Many believe that the promulgation of a new constitution will address issues that directly affect the public in general, including public sector governance and public service delivery. This research has attempted to untangle some of the issues related to service provision at the sub-national level of the country.

1.2   Motivation

My career in both the public and the private sector, within the country and abroad, but mostly in developing countries over the last thirty years, has compelled me to seek an answer to the question as to why governments, particularly that of Nepal, fail to deliver on their promises to citizens as they are meant to. This has motivated me to go deeper into the realm of public service provision in order to understand the 'who?', 'what?' and 'how?': who are involved in public service delivery? What do they deliver? How do they deliver it? As a development practitioner, I have used organizational development (OD) approaches to improve the government's public service delivery system, especially at sub-national level working with the Municipalities and District Development Committees in Nepal. These institutions at sub-national level are the backbone of decentralization and rural development, and thus command around 9% of the total national budget (MoF, 2013b).

My quest to examine and understand the subject of public service provision motivated me to undertake this research.

Two motivating factors prompted me to undertake this research study. The first was the need to understand the theoretical aspect of public service provision contained in the literature of development; and the second was the need to relate the practical implications of my work, based on my own personal experience, in order to have a greater understanding of public service provision as a development discourse in the context of Nepal, where substantial public funds (including donor external support) are channelled through local government in order to support community development.

1.3   Statement of research problem

Weakness in delivering public services can be put down to governance failure in developing countries, but it can be equally the case in the context of developed countries (APS Group 2011[6]). It is a matter of how, in a given socioeconomic context, a particular country chooses to have its public services designed, developed and delivered. Nepal, being one of the least developed countries, has faced severe challenges in resource mobilization in order to generate adequate funds to finance its public services. However, it is not always a question of lack of funds, but a lack of institutional effectiveness in the interaction of state, private and social sectors in resource mobilization for service provision. There are many instances where both central and local government[7] failed to use available funds for service improvement and delivery. For instance, DDCs were able to spend only 76.90 percent of the allocated budget whereas Municipalities had spent only 47.45 percent (MoF 2014a, p. 41).

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[6]   ASP Group Scotland, 2011; Commission on the Future Delivery of Public Services, www.publicservicescommission.org accessed on 23 Jan 2014.

[7]   In Nepal, the local governments are also known as local bodies although they are constitutionally established autonomous bodies. Throughout this thesis I preferred to use the term "local government" instead of "local bodies", in order to make the meaning easy to understand by readers, because they are elected bodies.

District Development Committees (DDCs)[8] at the sub-national level are the devolved government organs of the state, previously under the Decentralization Act in 1982 and now under the Local Self-governance Act 1999. They are considered the main institutional vehicles for development in Nepal. A DDC has both political and developmental roles. During the conflict with the Maoist movement, 1995 to 2005, DDCs could not function effectively. DDCs have been operating without elected officials since 2002 as the incumbent national government could not hold the local elections. Since then centrally deputed civil servants have run the local governments.

In terms of development, a broad range of powers, duties, and responsibilities are devolved on to DDCs. They are entrusted to regulate, finance, coordinate, monitor and evaluate district development programmes in the areas of education, social welfare, health, roads, forestry, agriculture, drinking water, sanitation, environment, markets, food security etc. (LSGA 1999). However, their performance in the past generally, and specifically during the conflict and in the post conflict period, has been dismal (Dhungel et al. 2011).

Now the situation has changed: policies, plans and programmes are better set, more stable government is in place, (but still in transition, its main responsibility being to draft the new constitution, and receive the nation's approval for it), and the pace of development has picked up. Donors are giving their support, and the economy is recovering with the help of remittances. Despite all this, the pace of development is more modest than people's expectations, especially after the political change. There are many issues, but only those pertinent to this research are presented here.

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[8]   There are 75 District Development Committees (or Districts) in Nepal. They are the intermediary organizations between the central government and the lower tier of local governments, such as the 58 municipalities and 3,915 Village Development Committees. In 2014, the number of municipalities was increased to 191 whereas the number of Village Development Committees was reduced to 3,276. Source: Ministry of Federal Affairs and Local Development, Nepal. http://www.mofald.gov.np/userfiles/docs_337.jpg.

The policy regarding the roles, duties, functions, structure and powers of the local governments and the institutional environment to enable this are well established. It is not clear why, having a very conducive institutional framework, local governments, particularly DDCs, have not been able to deliver the basic essential services such as education, health, sanitation, drinking water, and roads.

Each year, the government disburses quite substantial public funds through the Ministry of Federal Affairs and Local Development (MoFALD) to 75 DDCs, 58 Municipalities and 3,915 VDCs (MoF 2014a)[9]. There are also plenty of 'off budget' funds (36% of total foreign aid) channelled through various I/NGOs to the districts, including Village Development Committees.

The donor dimension has been crucial in the development of Nepal since 1950. Nepal still receives substantial external support from donors (MoF 2014a, p.30)[10] but their fragmented and uncoordinated approach remains an issue that has a cascading effect from central government down to district to municipalities and VDCs. This has directly affected service delivery at the district level where two or more organizations are involved (e.g. WSSDOs[11] and DDCs in rural drinking water service delivery).

Donors, particularly INGO-supported projects, are reluctant to work in partnership with DDCs because of governance issues such as corruption, and bureaucratic obstacles.

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[9] For the fiscal year 2013/14, NPR 46 billion (approx. GBP 326 million) were allocated to the Ministry of Federal Affairs and Local Development, which is 9% of the total national budget of NPR 517 billion (approx. GBP 3.6 billion). In the fiscal year 2010/122, local governments spent 17% of the total capital grant; in the fiscal year 2011/12, it was 21%; and in fiscal year 2012/13 it is 13%. For the current fiscal year it is estimated of 11% (MoF 2014a).

[10] Foreign grants in the fiscal year 2010/11 accounted for 18.7% of total government income. In the fiscal year 2011/12 it was 14.2%, in the fiscal year 2012/13 it was 10.6% and the current fiscal year estimate is 16.2%.

[11] WSSDO denotes Water Supply and Sanitation Division Office in each district under the Department of Water Supply and Sewerage (DWSS) of the Ministry of Physical Planning and Works. These line agency offices are the sectoral arms of the government to implement drinking water and sanitation activities in the districts.

These INGO-supported projects are mainly directed towards local level community development, but are rarely coordinated with DDCs' planning and programming systems. Neither DDCs nor donors seem concerned about the harmonization and the mainstreaming of the programme through the national system.

Sectoral line agencies' programme and budgets, also supported by donors, frequently collide with DDCs' programme budgets. This has caused resource fragmentation in project cycle management, as those involved compete with each other, rather than collaborate in planning, programming and budgeting. Sometimes communities are confused by the different incentive systems used for the same objective, as with rural drinking water where WSSDOs and DDCs are involved.

The strong presence of NGOs in the districts show there are adequate social intermediaries to support programme implementation and resource mobilization. INGOs are using them extensively, but DDCs are hardly using them in the community support programme. NGOs tend to avoid collaborating with government and DDCs in particular, unless the projects are funded by donor support but implemented through DDCs.

DDCs have used users' committees extensively in service development within the local infrastructure. The conceptual approach is well accepted in policies, plans, acts and rules, but the performance of DDCs on this has been problematic, for example where such service provision has failed to comply with certain financial and accountability standards (OAG 2014).

The government has been trying to make the local bodies more accountable towards their constituencies (downward) rather than to their parent ministry (upward) through the LSGA 1999, and other means, such as forming the High Level Decentralization Implementation Monitoring Committee to monitor the Decentralization Implementation Plan (DASU 2003),

and the Local Bodies Fiscal Commission[12] etc. However, no such accounting practice and framework are in place, with the exception of community participation in small projects, and this has also become controversial due to the excessive direct involvement of local government in procurement work instead of making the user committee do this (OAG 2014).

Currently, DDCs are delivering their services either through community participation or by doing it themselves. The projects and programmes supported by the external donors' support through the national government system, but anchored at DDC level, are yet to be fully adopted by the DDC system[13]. In the absence of a proper accountable service delivery mechanism in such projects, DDCs have often failed to perform well.

The problem to be investigated by my research can therefore be stated as follows:

The central government has transferred substantial funds to the local governments every year for local service provision, but DDCs, despite their strong institutional basis, have still failed to use those funds and other resources received from the community and donors for the optimal service delivery outcomes, that is in other words 'value for money' (DFID 2011).

This statement prompts a thorough review of the existing service delivery system of DDCs and the influencing factors in its surrounding environment.

Against this background, this research makes an attempt to understand and explore the relationships and institutional roles that shape the organizational behaviour in service

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[12] For detail refer to the Ministry of Federal Affairs and Local Development's website: http://www.mofald.gov.np/index.php?lang=en

[13] These types of projects and programmes do have a separate project implementation unit within the DDCs, but the officials, mostly headed by the central government's bureaucrats and local level staff working in these projects or programmes, are accountable to their parent departments and ministries rather than to DDCs and the people at local level.

delivery, by applying accountability framework in the 'rural drinking water' sector of the selected districts of Nepal.

1.4   Objective

Public service provision is the main function of any incumbent government, irrespective of the developed or developing nature of the country. Many organizations and individuals may be involved as a network in this process. From this point we will refer to them as "actors" (Callon 1999, Latour 1999) and "organizations", these terms being used interchangeably according to context. Despite their different origins, philosophy and purpose, they form an institutional force to accomplish this common task by assuming different and various roles.

The main objective of this research work is to look into what types of relationship the actors involved in service provision have from an accountability perspective. This will be further examined from the organizational and institutional point of view. The theoretical premise of this study is in the domain of public management and governance, and the analytical framework for analysis and interpretation is based on "Agency Theory" and "Activity Theory".

1.5   Subject of research

The subject of this research is the relationship between three actors involved in rural drinking water service provision. These are the District Development Committees (DDCs), Drinking Water Users' Committees (WUCs), and the technical service providers (SPs). DDCs as local authorities (or governments) have assumed the responsibility to make drinking water provision, such as providing matching funds, and offer oversight on behalf of the government. WUCs represent the self-help community and are beneficiaries of the

services, taking the main responsibility for drinking water scheme implementation, including the control of the funds received from the DDCs. They have raised their matching contribution and made decisions regarding the construction and operation of these schemes. Non-governmental organizations (or private firms) are the technical service providers hired by DDCs to assist WUCs in social mobilization and the planning and construction of drinking water schemes. Basically, the service providers have worked as consultants on behalf of DDCs to provide technical support to WUCs. Their role is more about facilitating, rather than direct implementation, of the drinking water schemes.

1.6 Research questions

In the given problem situation, as postulated above, the key questions of this study are two:

- What type of accountability features characterise the public service delivery transaction?
- What types of relationship behaviour do the organizations (DDC, WUC and SP) involved in service provision exhibit?

These key questions further lead to sub-questions, which could be both the by-product outcomes of the research and provide the testing of the methodological application of theoretical tools. These are:

- What are the implications of the different theoretical concepts of public service relationship?
- What are the respective potentials and limitations of existing service delivery approaches?

1.7   Relevance of the research

This research is highly relevant to the present Nepalese context; especially now that Nepal is embarking on a new political system, when state restructuring and the form of governance issues are being debated. It is possible that these issues might be resolved by the Constituent Assembly by the time this research is completed. However, in the new form of governance, public service provision would become the central stage of politico-administrative and development issues. The existing governance structure will be overhauled and realigned according to the new federal structure where the roles of the central, state and local governments would redefine the public service delivery approaches. This process will also entail asking what kind of policy might be pursued to engage both private and social sector in service provision. The restructuring of the civil service could be another issue for reform and realignment. It could be difficult to tell what kind of structure will emerge; statutory power and authority will be shared and devolved to the lowest level of administrative and development units.

The findings of this study could be helpful in terms of redefining the participation of the public, third and private sectors in service provision, especially at the sub-national level, and in understanding the organizational and institutional characteristics of these service providers, which currently seem unexplored from the public service delivery point of view in the context of Nepal.

For academia, this research may contribute further to understanding public service provision, particularly from the organization and relationship perspective, by applying 'Activity Theory' and 'Agency Theory'. These two theories premise the theoretical ground for micro- and macro-level analysis respectively.

1.8   Structure of the thesis

The thesis is structured in the following manner.

Chapter One – provides the background of the study along with a brief description of Nepal as a country. To steer the research towards the right direction, the problems of research are stated, followed by focusing on the research objectives, research questions, and the relevance of the research. At the end of this chapter, the structure of the thesis is provided.

Chapter Two – reviews the literature related to public service delivery. It is divided into four sections. The first section offers the premise for theoretical interpretation, and for deliberation of the question of public service delivery. It draws several theoretical approaches towards the study such as New Public Management, Public Governance and Third Sector. These approaches deal with managerialism, contractualism, and performance measurement, along with organizational partnership, collaboration and social capital perspectives, in the context of public service delivery. The second section defines public service and accountability. It deliberates service provision framework and accountability, and the mode of the service transaction relationship. The third section discusses the types of organizations from the strategic, structural and relationship perspectives, but keeping accountability in view; and the fourth section deliberates their attributes in service delivery where it touches upon the theoretical contradiction in organizational service delivery.

Chapter Three – deals with the Nepalese context. It has two sections. The first section talks about public service delivery in the Nepalese context, in terms of its politico-administrative background and its historical evolution, administrative reforms, decentralization, governance, and public management. The second section sets the

background of the drinking water sector of Nepal by discussing institutional arrangements such as the legal environment, policy, service provision approaches and the financing of services. While discussing this, the actors involved in service provision, like District Development Committees, Water Users' Committees and other service providers such as NGOs, will be touched upon in order to understand their roles in public service provision.

Chapter Four – is dedicated to explaining the research design and methodology, where conceptual and analytical frameworks are constructed to pave the path for the use of appropriate research methodology and instruments, data gathering, and analysis tools; and also discussed here is the limitation of the study from the methodological point of view. It defines accountability in the public service delivery context. 'Agency Theory' is used to assess the service provider relationship from the accountability perspective and 'Activity Theory' is applied to meta-analysis of service provision from the actors' (organizational and institutional) perspective with respect to their relationship in service provision.

Chapter Five – is a discussion on the findings of the research based on the analysis of data and the information gathered from the primary and secondary sources. The findings here focus on the accountability features in service transaction, and the organizational perception of DDCs and of Service Provider NGOs towards service provision. There is a narrative of meetings held with research participants. It also contains a review of agreements and contract documents between DDCs and WUCs, and between DDCs and Service provider NGOs. Based on all these, the service provision relationships of DDCs with WUCs and Service Provider NGOs have been defined, and finally the effect of organizational structure, strategy and financing on service provision has also been discussed.

Chapter Six – has deliberated the problems, issues and observations that emerged from the findings of this research, and their relation to the greater understanding of public service provision from different perspectives. This includes a discussion of the factors affecting accountability from the institutional point of view, theoretical implications, and debates, and finally how all these affect the drinking water service provision in the context of Nepal.

Chapter Seven – concludes the whole research by a brief discussion about the research questions addressed by this research, including public service and its accountability in general, which is the main theme of this research, and the implication of this for the country-specific accountability context of Nepal in public service delivery, with particular reference to the rural drinking water. And finally, the chapter briefly discusses the future research agenda and limitations.

CHAPTER TWO

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2 Literature Review

This chapter is divided into three sections; theoretical premise, public service provision and accountability, and organisations and service delivery.

2.1 Theoretical premises

This section discusses the emergence of New Public Management as a service delivery approach, and places it in the context of the discourse of public governance, inclusive of the rise of the 'third sector' in public service delivery. Hence various theoretical approaches to pin down NPM and its practices, applied around the world in different countries, are touched upon to understand its genealogy and the service delivery challenges generated. The section explores the pros and cons of the models, approaches or paradigms used in public services and finally attempts to engage with the relational complexity of service provision from the organizational relations perspective.

2.1.1 New Public Management (NPM)

2.1.1.1 The Origin of NPM

New Public Management (NPM) (Hood, 1991; Polidano, 1999; Pollitt, C. 1990) has been perhaps the most widely discussed and contested issue in public policy and public administration over the last thirty years, on account of its extensive application, impact, and its adversarial relation to pre-existing state-centred or Weberian discourses of public administration.

NPM language: available literature indicates that NPM has not been well recognized as a discipline of its own like public administration, but as an approach in the knowledge of public service delivery discourse. Therefore, the terms "NPM Style" or "NPM Type" have been extensively used in literature (Polidano, 1999; Gerry, 2001, p. 447; Pollitt and Bouckaert, 2011; McCourt, 2001, p. 116; Haque, M.S.; Kelly, J. and Rubin, I. S., p. 584).

Gruening (2001, p. 1) reinforced this notion by saying that "Although the special mix of characteristics of NPM is new, it does not represent a paradigm change". He (Gruening 2001, p. 18) has rationalised this argument based on examining the fourteen theoretical approaches against the twenty-four attributes of NPM. These theories are: classical public administration, neoclassical public administration, public choice, the Austrian school, principal-agent, property rights, transaction costs, new public administration, constitutionalism, communitarianism, discourse, policy analysis, rational public management and organic public management.

NPM has dominated the public administration reform agenda in the OECD countries from the late 1970s (Hood, 1991; Pollitt, 1993; Ridley, 1996). The economic and fiscal crisis due to ineffective fiscal measures adopted by the governments of many, both developed and developing, countries in the 1980s had prompted them to adopt a new public management system (Hood 1991, Osborne, D. and Gaebler, T. 1992; Osborne, S. 2010; Schick 1996, Zifcak 1997, Pollitt 1993, Hughes 2003) to meet the crisis. However, Minogue (1998) sees other factors besides financial pressure as driving NPM – the demand for quality service delivery by the public as customers rather than recipients, as well as an ideological predisposition to reduce the role of the State in society.

From 1990, NPM was at the forefront of a global drive to reform the public sector through sponsorship of the Organization for Economic Cooperation and Development (OECD), the

World Bank (WB) and International Monetary Fund (IMF), particularly as part of the financial rescue plan known as 'Structural Adjustment' (Larbi 1999, pp.16-18), to mitigate the economic crisis of the member countries. This support came with the precondition of reform to the public sector and governance, by making them adopt market oriented policies by reducing the governments' involvement in state affairs to a minimum, but in a responsible manner (Larbi 1999, Sandfort and Milward 2007). As a result, public administrative reform and governance gained a higher profile in aid discourse, and many bilateral donors mainstreamed the new public management and governance improvement in their aid strategies (DFID 1997).

One can conclude that the drivers of NPM were an economic and fiscal crisis in both developed and developing countries during 1970s and 1980s, a need to meet public demand for better public services, and a need for an intervening emphasis on good governance in the 1990s (Batley and Larbi 2004, pp. 38 - 39).

2.1.1.2   The theoretical domain of NPM

The embracing of 'neoliberal' ideas in policy making, the change in the political context, the development of information technology and the growing role of international management consultants are other driving factors (Larbi 1999) behind NPM, apart from fiscal crisis, although some of the named trends were themselves caused or accelerated by the economic and fiscal crisis.

Gruening (2001) takes this from the human behavioural perspective, applying two theoretical domains as the origin of NPM that influenced the behaviour of the people working in government. These theories are 'public choice theory' and 'managerialism', and many other prominent academicians also support this view (Aucoin 1990, pp. 115; Dunsire 1995, pp. 21 - 29; Lueder 1996, pp. 93; Naschold et al. 1995, pp. 1 - 8; Reichard

1996, p. 245; Schedler 1995, p. 155). Public choice theory advocates for pursuing the self-interest within the public benefits by bureaucrats e.g. budget maximization in bureaucracy (Niskanen 1971), while managerialism, which is driven by efficiency and performance based incentives, motivates the behaviour of public managers. There is often a contradiction in public service discourse as to whether government staff work as bureaucrats or public managers.

Perhaps the most useful theoretical interpretation of NPM comes from Batley and Larbi (2004, pp. 32-38) who see two major theoretical approaches to public management. These are i) neo-classical rationalism that emphasises the limited case for government intervention, and ii) theories on organizational approaches for government intervention. The former advocates the limited role of government intervention in case of market failure. To address this, the government does not need to assume the entire responsibility for service provision, but the service(s) can be unbundled into different parts, and only vital sectors may require public intervention.

The second theoretical premise is that the organization of government intervention is rationalized through 'public choice', 'new institutionalism', 'principal-agent', 'transaction cost economics', and 'property rights' theories. The each of these theories has their own reasoning and arguments for NPM. Public choice theory (Niskanen 1987) was seen as having to overcome stagnant administrative bureaucracy, and prompted reforms such as contracting out, privatization and performance management in public services. New institutionalism shapes the rules and norms concerning the structures of authority, contracts, organizations and property rights, which are pertaining to service provision.

Likewise, 'Principal-Agent theory' (Miller 2005, Gailmard 2012) establishes the service provision relationship between the government as a principal, and the service provider as an agent, where the agent is obliged to provide services directly to citizens or through

government. However, this relationship between two organizations remains problematic when the agents fail to perform and to inform the principal, and the principal is unable to control the agents. This theory draws heavily on 'contractualism', to explain how contracts are framed, implemented and evaluated for better service provision. In recent years, this model has been widely used to build and strengthen accountability in service provision, particularly by using social network theory (Wasserman and Faust 1994).

'Transaction cost theory' (Williamson 1981) dealt with institutions and the market, where the argument is that as long as the external transaction costs (between two organizations) are higher than the internal transaction costs (within the organization), the organization will grow. If the internal transaction costs are higher than the external costs the organization will seek alternative service provision, such as outsourcing. For service provision, the government carefully assesses whether it is the service provided by the government agency itself which yields better economic transactions, or that provided through private or social sector in favour of public benefit, which also entails saving on the government treasury. In a way, this theory deals with the economic and financial efficiency in service provision, which is greatly advocated by NPM.

The 'property rights theory' is based on the 'residual control' of properties as economic (or financial) incentives to owners in business transactions. The underpinning characteristic of this theory is that the 'Principal-Agent' model has often failed to have a complete contractual arrangement (due to bounded rationality) whereas property rights theory allocates the control of rights in a contractual relationship when contracts are incomplete (Mahoney 2004, pp. 128 – 132). The understanding here is that the residual control generates residual benefits, like a bonus or a pay increase in private organizations. This may not be normally the case in public organizations, where the government itself owns most of the assets in the public sector. Because of residual control, there could be a controversy as to how residual benefits could be obtained and distributed. However, in

public goods delivery, how the rights of the goods are asserted in business transactions between government and private sector or social sector determines how successfully the services are delivered to the public in general.

Drawing from various sources, the most common features of NPM are i) decentralization characteristics – either in the form of an organization or a management structure which is less hierarchical; ii) differentiation of the government's function – policy and implementation, steering vs. rowing, agencification; iii) market orientation – competition, performance management, contracting out, customer driven; iv) managerialism – result-oriented, lean management (Hood, 1991; Dunleavy and Hood 1994; Pollitt 1993, Ferlie et al. 1996, Borins, 1994; Osborne, D. and Gaebler 1992; Pollitt and Bourchkaert 2004). Among these features, the NPM doctrine shows a very strong association with market orientation and managerialism in public sector reform, with less, or downsized, government (Polidano 1999, Haque, M.S. 2009).

Finally, NPM may be associated with different concepts or principles, but NPM itself could not emerge or stand alone as a theory with its own paradigm, despite relating very closely to economics, politics and organizational domains. Hence, the NPM, amid these various theoretical disciplines, can be understood most simply as the public sector reform process that interacts with the market (economy), and where public policy gets involved in resource allocation decision (politics), and this happens through an inter- or intra-organizational system (organization). If one combines all these (economy, politics and organization) together, then it becomes an institutional phenomenon. However, for NPM, these conditioning theories, as discussed earlier, embed managerialism that becomes the core aspect of service provision in public service delivery.

The successive discussions have tried to interpret NPM from 'managerialism', 'contractualism' and then from 'performance measurement' perspectives because these are the major elements that drive the NPM process.

2.1.1.3 NPM and managerialism

Public Administration is a discipline of public policy formulation and implementation (Osborne, S. 2010, p. 10), which has its roots in political science epistemology. It has been overcome by the managerial approach (Polidano 1999) over the last two decades in the quest for efficiency and effectiveness in public service. Hence, the traditional bureaucracy is replaced by 'managerialism' in the functioning of the state by decentralizing more managerial power to the lowest level of the politico-administrative hierarchal structure for public service delivery. In other words, 'performance measurement' has become one of the key decentralized management tools of NPM to achieve higher outputs in public services.

Minogue (1998, p. 17) is of the opinion that the influential model of NPM promised to reform public service with efficiency and accountability together, and these reforms should be critically examined to judge the extent to which these promises have been delivered through the management process.

Lane (1994, p. 139) says on management efficiency that – "The transition from a public administration approach to a public management approach appears to be the proper move in relation to increasing demands for efficiency in the public sector. The rise of the management perspective reflects the growing saliency of market values for the public sector". The traditional model of organization and delivery of public services, based on the principles of bureaucratic hierarchy, planning, centralization, control and self-sufficiency is

apparently being replaced by market-based public service management (Stewart and Walsh 1992, Walsh 1995), or "enterprise" culture (Mascarenhas 1993).

Ideas of New Public Management (NPM), focusing on administrative decentralization and delegation of authority, managerial autonomy and flexibility and performance measurement, have inspired public sector reforms in numerous countries (Aucoin 1990, Hood 1991, Pollitt and Bouckaert 2011). The logic of managerialism that is of 'more steering in big issues and less steering in small issues' stresses output-based accountability forms that prioritize effective and efficient service delivery above input and process-based methods that focus on means and procedures (Dudau and McAllister 2010).

Basically, the ultimate objective of NPM is to gain efficiency in service provision. This can be achieved by adjusting the internal organizational system, and by various management reform initiatives, in order to interact with the market and other externalities. There are many of these, but some vital ones, based on available literature within organizational management theory, are:

- Adoption of a performance measurement framework to receive greater outputs;
- Transformation of organizations from huge hierarchical structures into small, lean, flat ones, in specialized units;
- Use of contractual arrangement to procure services for internal organizational needs, e.g. human resources, stationery, utilities etc. requirements;
- Use of contractual arrangement for providing public services on behalf of government to the public in general;
- Promotion of competition in the procurement of services and materials in the market through open tendering and bidding.

Among many, there are two central elements of NPM where managerialism prescribes 'contracting out' and 'performance measurement'. The former appeals to 'contractualism', and the latter can be an inclusive element of the former. The following sub-section briefly discusses 'contractualism' as part of NPM. This is because contractualism has turned out to be the main mechanism in service provision both within and outside the organizational system of public institutions.

2.1.1.4 NPM and contractualism

Contractualism attracts the idea of a social contract under the social theory[14] but, equally, the body of legal theory (Adler, M. D. et al. 2015) in broader terms. It draws on the concept of morality. According to Scanlon (1998, p. 153) –

> *"An act is wrong if its performance under the circumstances would be disallowed by any set of principles for the general regulation of behaviour that no one could reasonably reject as a basis for informed, unforced, general agreement".*

Ashford and Mulgan (2012) have explained Scanlon's version of contractualism by saying that it contains "an account both of (i) the authority of moral standards and of (ii) what constitutes rightness and wrongness". They (Asford and Mulgan) further argue that the first is the substantive value that is realized by moral behaviour of "mutual recognition", while the second is "wrongness", which is unjustifiable and such actions cannot be justified to others.

Gauthier (1986) believes moral values derive from principles. According to him (Gauthier) this is the principle of rational choice, where the choices are made on an agreed basis of cooperation, which is mutually advantageous for self-interested agents to engage in. By contrast, any form of contractualism is grounded on the equal moral status of persons. It

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[14] There are many understandings and applications, but for NPM conditioning the 'Structure and Agency' and the 'Social Contract' theories would fit best.

interprets this moral status as based on their capacity for rational autonomous agency. According to contractualism, morality consists in what would result if we were to make binding agreements from a point of view that respects our equal moral importance as rational autonomous agents.

Coming from broader social terms to a more concrete legal term, as in common law[15] legal systems, a contract is an agreement having a lawful object entered into voluntarily by two or more parties, each of whom intend to create one or more legal obligations between them. The elements of a contract are an 'offer' and its 'acceptance' by 'competent persons having legal capacity' who exchange 'considerations' to create 'mutuality of obligation'. It can be further elaborated by saying that the contract may be made with the proof of some or all of these elements in writing, entirely orally or by conduct. It (the contract) is a legally enforceable promise and the promise can be used as a legal synonym for the contract[16].

Hence, "the term 'contractualism' can be used in a broad sense to indicate the view that morality is based on contract or agreement…" (Scanlon 1998), but despite its epistemological root in social contract theory, its metaphoric application in the delivery of public services is tricky because of various actors getting involved in different forms with different purposes. Whether it is implied in the contractual relations between government and community that are governed by social values, or the relations between government and private firms that are governed by market values, the one basic commonality is that it is founded on moral values (morality) or the authority of moral standards on 'mutual recognition' (Ashford and Mulgan 2012). However, in the case of public affairs, this mutual recognition is enforceable to secure the contractual outcomes through formal legal means.

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[15]   Lloyd Duhaime. "Common Law Legal Definition". duhaime.org.
[16]   http://www.businessdictionary.com/definition/contract.html

In reality, in its application, contractualism has limitations, especially when there is a need to establish political accountability, when the purchaser's (public institutions) capacity is weak or when the policy outcome is difficult to measure (Minogue, M. 2000, pp. 282 − 283). Lane (2000) further puts this at an organizational civil service level where the public contracting depends upon the quality of the contracts that take place between CEOs, and the capacity of government to choose 'good' CEOs. He (Lane) believes that the powerful CEO is a necessary concomitant to the introduction of NPM, but at the same time he points out two major potential weaknesses in public sector contracting. These are, firstly, that it is difficult to achieve optimal outcomes for the public as to what is agreed between the government and the CEO, and secondly that there is no organizational regime that can rule out reneging (Matheson 2001, pp. 116 – 117).

Polidano (2001, p. 58) exemplifies this constraint further by saying that "Contractual mechanisms of accountability would have little practical impact because they would remain trapped within the formal realm. They would simply be disregarded."

On the implementation of contractualism, Mingus (2007, p. 12) is of the opinion that a contracting-out or a contracting-in approach (i.e., contractualism) has been minimally implemented in Canada, but evidence does exist that contractualism has been used successfully (Nancy et al. 2006). Mingus admitted that Canada might be less useful as an example of contractualism if it is compared with New Zealand or Australia, despite political rhetoric and numerous public sector reform efforts in Canada. He also argued that the "contracts have been a tool used to evade transparency" (2007, p. 12).

The case of developing countries regarding contractualism may be different however. Batley and Larbi (2004, p. 51) believe that developing countries could not implement

contracts due to their weak markets and poor government capacity to enforce contracts due to corruption and other institutional regulatory factors.

2.1.1.5 NPM and performance measurement

Upadhaya et al. (2014) argue that performance measurement is the process of collecting, analysing and/or reporting information regarding the performance of an individual, group, organization, system or component. They further assert that it involves studying processes and strategies within organizations, in order to see whether the outputs are in line with what was intended or should have been achieved.

Performance measurement in the context of service provision, according to Neely et al. (2002, p. XIII) is "the process of quantifying the efficiency and effectiveness of past actions". This notion is more concerned with technical understanding in measuring the effectiveness of the results, and is being transposed into the organizational context by Moullin (2002, p. 188; 2007, p. 181), and according to him, performance measurement is "the process of evaluating how well organizations are managed and the value they deliver for customers and other stakeholders".

In the context of NPM, performance measurement as a management tool is directly linked to efficiency gains (Minogue 2001, p. 7). Its application has become more extensive because it can be applied in multiple ways (quantity, quality, time, cost) to measure outputs; and intensive as well, because more management functions are included – not just monitoring, but also decision-making, controlling and even providing accountability (Bouckaert 1996, p. 234).

Performance indicators, standards or benchmarks have been the key measuring milestones to measure the performance of public services within and/or outside public

organizations. For example, setting the performance indicators of employees, standards or benchmarking of patient waiting lists and times, school exam results, crime rates, university research ratings, all these have increasingly linked to resource distribution in the UK, and other countries where NPM has been applied (Canada, France, the Netherlands, the Nordic states, the USA) (Pollitt and Bouckaert 2011, pp. 106 - 107). It makes individuals and organizations result- and objective-oriented rather than following rules (McCourt 2001, p. 109), and thus represents a shift to output control from bureaucratic control.

2.1.1.6 Application of NPM

Successful implementation of NPM depends on many preconditions. Polidano, Hulme, Minogue (1998, p. 279) believe that "…an exceptionally high degree of political backing for reform in these countries (Britain, Australia and New Zealand) during the 1980s and 1990s" had enabled the successful implementation of NPM. This could be taken as implying that only developed democracies based on the rule of law and a Weberian state can successfully implement NPM, and that this depends on institutional preconditions at a societal level. However, Gebre (2006, p. 61) in the Ethiopian case, admitted that the "… successful implementation of public service delivery reform in Ethiopia largely lies in the specific organizational conditions, seems true. On the other hand political commitment and accountability…. are not essentially shaping the outcome of the reform implementation in the organizations".

Batley and Larbi (2004, pp. 44 - 53) examine the application of NPM through organizational arrangements (decentralization and agency) and market type mechanisms (contracting out and user fee). Countries which have applied organizational changes in civil service structural reforms, such as the UK and New Zealand, both have used the agencification model, as has Australia to a lesser extent. According to Batley and Larbi,

African countries such as Ghana, Kenya, South Africa, Uganda and Zambia had also reformed their government structure along similar lines. Administrative reform through the adoption of management practice was sought by applying performance-oriented management systems where performance service contracts were used. This was found used in Sri Lanka, Bolivia, Senegal, Ghana, Pakistan and India, apart from the OECD countries, including Australia, New Zealand and France (Batley and Larbi 2004).

Regarding the market type mechanism, contracting out or outsourcing is considered a key feature of service delivery under NPM. Considering the sector or service characteristics (Mcloughlin and Batley 2012a) in a given local condition, many countries have adopted this tool in variations such as service contracts, management contracts, leases, and concessions, ultimately leading to privatization. The UK's local government extensively outsources garbage collection, cleaning jobs, legal and IT services to third parties; and in developing countries like in India, Mexico, Thailand, Zimbabwe and South Africa some health care services are found contracted out. Contracting out of road maintenance work in Brazil, management contracts applied in electricity supply in Gambia, Gabon, Rwanda and a long term leasing arrangement of Port Kelang in Malaysia (Batley and Larbi 2004, pp. 49 - 52) are some examples in the application of NPM in various forms.

User fees or charges have been used widely in both developed and developing countries for drinking water supply, electricity supply, solid waste management and even in some cases for health care and education services. However, Batley and Larbi (2004) argue that the introduction of user charges has brought its own problems, like corruption, mismanagement of revenue, and denial of basic utility services, especially to the poor, resulting in people drinking dirty water, causing cholera and diarrhoea. There has also been a drop in patient visits to hospitals because of high medical fees.

Clarke and Wood (2001, pp. 87 - 88), on the application of NPM to civil service reform in Tanzania (1989) and Uganda (1992), admitted that there "(NPM) has been most successful where it (in Tanzania and Uganda) involved introducing result-oriented management, performance budgeting and delegation of control and decision-making within the public service". They also confirmed that civil service reform should be tailored to local conditions and should proceed at a realistic pace. However, they concluded their comments on this reform by saying that "Private sector capacity to undertake contracting in both countries remains limited, and within government there is limited capacity to manage contracts and to carry out regulation effectively". McCourt (2001, p. 122) also sees that the implementation part of MPM is problematic in developing countries especially from the contracting-out perspective.

In the US, early NPM reforms were dominated by the creation of an entrepreneurial and user-oriented culture within public organizations that was concerned with the replacement of public services by private ones (Savas 1987), and was much influenced by the organizational excellence approach of Peters and Waterman (1982). Later the focus was shifted to reinventing government within the context of a plural state, as envisaged by Osborne, D. and Gaebler (1992).

According to Samaratunge, et al. (2008), countries such as Singapore, Malaysia, Sri Lanka and Bangladesh implemented NPM each in their own way, reflecting political history, party politics, macroeconomic considerations, state traditions and the roles of international development agencies and civil society, and it was found that political commitment and leadership were the most influential factors in these countries' decision to adopt NPM. Singapore and Malaysia became successful with their reform initiatives due to strong political leadership. These two countries have implemented a relatively comprehensive reform package, whereas, in contrast, Sri Lanka and Bangladesh were selective regarding reforms in ways that most suited the short-term interests of the ruling

elites. Sri Lanka and Bangladesh introduced structural changes into their public administration systems without taking major initiatives to introduce rule-based government or the necessary institutional infrastructure to support NPM practices. They (Samaratunge, et al. 2008) also argue that countries like Bangladesh and Sri Lanka, where strong leadership and appropriate accountability systems are not in place, could not expect successful outcomes from NPM reforms.

According to Armstrong (2013, p. 151), drawing on Australian experience, "Innovations in the public sector in Australia introduced over the past 20 years have changed the face of government". He further elaborated New Public Management (NPM) as "the umbrella term for many of these innovations ... introduced changes in philosophy and practices such as 'steering not rowing', 'purchaser-provider splits', 'amalgamations', 'corporatization', 'performance management', 'competition' and with them, 'new forms of governance and accountability'".

Although many governments were quick to introduce NPM reforms, international agencies could be less enthusiastic. Geri (2001, pp. 453 - 454) investigated six UN agencies – the International Telecommunications Union (ITU), the World Health Organization (WHO), the World Intellectual Property Organization (WIPO), the Food and Agriculture Organization (FAO), the International Labour Organization (ILO), and the Universal Postal Union (UPU), and found that "none of these UN specialized agencies is implementing a comprehensive set of NPM reforms. All six of the organizations included in the study are under pressure to implement organizational changes intended to improve their efficiency and effectiveness and to improve their relationship with member states and other key stakeholders".

Polidano et al. (1998, pp. 285 - 286) argue that "The question of the 'appropriateness' of the new public management in developing countries is a complex one" and add, citing

Holmes (1992) and Evans (1995), "There is a school of thought, which argues that Third World governments suffer not from an excess of bureaucracy, as advocates of the new public management might claim, but insufficiency". Drawing an analogy with the British administrative history, they (Polidano et al. 1998) assume that the governments of the developing countries are at the Northcote-Trevelyan stage of Britain rather than the 'next steps', and thus the delegation of authority is premature, with the danger that giving greater managerial discretion offers more opportunity for corruption. They (Polidano et at. 1998) further their argument by asking the question whether the NPM reforms in developing countries brought efficiency in public services as expected or simply led to more corruption and abuse of managerial discretion.

According to Minogue (1998, pp. 33 - 34) the lessons learnt in NPM are that the reforms brought by NPM are more rhetoric than substance in developing countries, because of their immature market, local economic systems and political cultures. Despite this he argued that both market-type mechanisms and user-oriented initiatives could play a part in improving their public services. Minogue thinks that there is ample scope for institutional experiment, particularly in relation to local governance; and he believes that it is possible to gain both efficiency and accountability in public service delivery.

2.1.1.7 NPM and its limitations

NPM is a contested approach to public service, both regarding its application (Osborne, S.P. 2010) on the part of public policy implementation, and regarding public service delivery when compared with Public Administration.

Despite its adoption of market mechanisms for efficient alternatives in service delivery, instilling management autonomy, better incentives to public managers, and holding managers directly accountable, and moreover transforming the public administration from

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a 'bureaucratic' culture into an 'entrepreneurial' culture, NPM is criticised for its ambiguity regarding efficiency, blurred accountability due to managerial autonomy, and conflict in public organization because of competition (Minogue (2001, p. 8).

According to Dawson and Dargie (1999) NPM is a contradictory discourse and its interpretation is contingent upon distinct persona, the audience, including ideological, managerial and research-oriented personae. In reality, it is a sub-school of public administration that has been limited in its impact by the lack of a real theoretical base and conceptual rigour (Frederickson and Smith, 2003). Its application has geographical variation and so in its reform contents. The Anglo-American, Australian and some Scandinavian countries have done well with NPM, whereas, at the same time, PA continues to dominate elsewhere (Kickert 1997 and Hood 1995). Since the theoretical ground and discipline of NPM is unconfirmed, the benefits of NPM are partial and contested (Pollitt and Bouckaert 2011); and finally the most cautious line - the NPM is a disaster waiting to happen (Hood and Jackson 1992) and is a failed paradigm (Farnham and Horton, 1996).

Hence, although NPM has motivated numerous public sector reforms, it was, by the early 2000s, past its peak (Hughes 2003), or even 'dead' (Dunleavy et al. 2005, 2006).

The heaviest criticisms of NPM concern its fragmented nature, intra-organizational focus (Rhodes 1997) and its use of out-dated private-sector techniques for public policy implementation and service delivery, and finally that it has failed "to capture the complex reality of the design, delivery and management of public services in the twenty-first century" (Osborne S.P. 2010, pp. 4 - 5).

The argument is that public service provision has become increasingly complex, as many actors with their different goals, objectives and structures have become involved. NPM

tends to be unidirectional (state or market) rather than reflecting the involvement of a variety of non-state actors and beneficiaries in service provision. Thus, while the application of NPM undoubtedly helped in gaining efficiency in public service provision, it has been less likely to deliver effectiveness (Klijn and Teisman 2000, p. 86).

To mitigate these deficiencies of NPM, many scholars have advocated a broader understanding. This understanding includes 'Public Governance' (Kennett, Peters, Moore and Hartley, Kooiman, Hughes, Osborne, McLaughlin, Chew, Pestoff, Brandsen, Kettl, Martin, Klijn and Osborne, S.P. 2010); 'Public Value' (Bozeman 2007, Meynhardt 2009, O'Flynn 2007); and 'Collaborative Public Management' (Geddes 2012) perspectives. This may require differentiating 'Service Management' from 'Production Management' in public services depending on the potential role of end-users as co-producers of services (Radnor and Osborne, S. P. 2013, p. 227).

Against this background, the next sub-section deliberates on the implications of the governance approach in public service provision.

2.1.2   New Public Governance (NPG)

It has been argued that NPM has limited scope to address the growing demand for public service provision owing to its narrow managerialist focus on greater efficiency rather than on public value or greater participation of stakeholders. Its functionality is thus constrained in the pluralistic public service landscape. As a result, alternative discourses of governance have been considered regarding public services, which are based on "inter-organizational theory, organizational sociology and network theory" – Conteh (2013, p. 503).

On the theoretical distinction, Ewalt (2001, p. 8) writes, citing Peters and Pierre (1998) –

> *"The (mostly European) literature on governance and the increasingly international scholarship on New Public Management (NPM) describe two models of public service that reflect a 'reinvented' form of government, which is better managed and which takes its objectives not from democratic theory but from market economics (Stoker, 1998). While some use the terms interchangeably (for example, Hood, 1991), most of the research makes distinctions between the two. Essentially, governance is a political theory while NPM is an organizational theory".*

Peter and Pierre (1998, p. 232) further assert that governance is about the process, while NPM is about the outcomes.

Scholars are still hesitant to confirm NPG as an established theory, paradigm or alternative model to NPM. Osborne, S. P. (2010a, p. 2) describes NPG as "It is neither that normative nor that prescriptive". He has presented the core elements of NPG, in contrast to PA and NPM, below.

Table 1: Elements of NPG, PA and NPM

Paradigm / key elements	Theoretical roots	Nature of the state	Focus	Emphasis	Resource allocation mechanism	Nature of the service system	Value base
Public Administration	Political science and public policy	Unitary	The political system	Policy creation and implementation	Hierarchy	Closed	Public sector ethos
New Public Management	Rational / Public choice theory and management studies	Regulatory	The organization	Management of organizational resources and performance	The market and classical or neo-classical contracts	Open rational	Efficiency of competition and the market-place
New Public Governance	Institutional and network theory	Plural and pluralist	The organization in its environment	Negotiation of values, meaning and relationships	Networks and relational contracts	Open closed	Dispersed and contested.

Source: Extracted from Osborne, S. P. (ed.) (2010, p.10) "The New Public Governance?"

According to Rhodes (2007, p.1246) "governance is broader than government", where the meaning of 'government' is narrowly defined as the formal institutions of the state (Stoker 1998, p.1). Esmark (2009, p.368) explains governance through a metaphoric way, using structure (hierarchy, market and network) and actors (state, market-private sector and civil society) as frames. Although Esmark deliberates governance through various means such as governance through sovereignty, law, money and truth, he misses out governance through accountability. Stoker (1998, p. 18) puts forward five propositions regarding governance which are also subscribed to by Rhodes (2007) by and large. These present the element of governance in a controversial perspective for NPM. According to him (Stoker) governance is a complex set of institutions and actors. It has blurring of boundaries and responsibilities for tackling social and economic issues, power dependency, relationships between institutions for collective action, autonomy of self-governing networks of actors and recognizes the capacity to get things done, and finally it sees government as able to use new tools and techniques to steer and guide. The pluralistic, networking, dispersive, and boundary blurring features of governance give contesting fronts to the NPM's closed managerialism approach.

At the same time, Stoker (1998, p. 19) also warns that each proposition is associated with a certain dilemma, according to him -

> *"There is a divorce between the complex reality of decision-making associated with governance and the normative codes used to explain and justify government. The blurring of responsibilities can lead to blame avoidance or scapegoating. Power dependence exacerbates the problem of unintended consequences for government. The emergence of self-governing networks raises difficulties over accountability. Even where governments operate in a flexible way to steer collective action governance failure may occur".*

For the failure of governance in collective action, Stoker (1989, p. 23 - 24) argues that it occurs due to accountability deficit because of the dissatisfaction of those who are out of the network, and the fact that those who are in the network are driven by the self-interest of their members rather than a wider concern with the public interest.

Summing up, it is more likely that governance features are more benign to policy network where public policy implementation involves massive stakeholders, and public service delivery is the outcome of public policy decisions. Hence, the transformation of policy into practice attracts a different kind of institutional arrangement, where the organizational boundary crossing requires various forms of organizational relationship to be forged for effective service delivery. Two prominent mechanisms for organizational relationships, 'partnership' and 'collaboration', are considered within the frame of NPG for discussion here.

2.1.2.1 NPG and partnership

Partnership in legal or business terms denotes an arrangement whereby risks are, in agreed terms, shared between or among parties involved in a business transaction. In other words, this is an arrangement in which parties agree to cooperate to advance their mutual interests. Parties could be individuals, businesses, interest-based organizations, schools, governments, or varied combinations thereof. The OECD (1990, p. 18) defined partnership in more liberal terms as:

> *"Systems of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships, and mutually adopted plans among a number of institutions. They involve agreements on policy and programme objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time."*

Montouri and Conti (1995) take this definition in an expansive manner by including not only relationships with vendors, limited partnerships, business alliances, but also an emphasis on teamwork, a new spirit of seeking out opportunities for collaborative networking, and ultimately to create human relationships, that is bringing people together in mutually beneficial relationships.

According to McQuaid (2010, p. 127) "partnership" remains a varied and ambiguous concept. He advocates partnership from the perspective of greater interagency cooperation, whereby government departments, agencies, private companies and the third sector form a strategic alliance (two or more together) having a common strategy and aims and sharing risks and resources, and achieving mutual benefits and synergy (McQuaid 2010, p. 129). They pool resources to attain synergy, complementing each other by getting "more than a sum of its parts". He argues that partnership improves efficiency by eliminating duplication of effort, bringing all partners into the decision-making process, and letting organizations articulate the interests of their constituencies. Some key factors for a successful partnership, according to McQuaid (2010) are clearly defined strategies, targets, strong commitments to shared objectives, and transparent operating systems, including strong strategic leadership to drive the partnership, instilling confidence in all partners, building and fostering trust among partners etc.

However, partnership also suffers in terms of conflict over goals and objectives due to the involvement of many partners with poorly defined aims and objectives. Some partners may have hidden agendas or disagreements over operational strategy, or be difficult to hold accountable, as more than one party is involved in service provision. There may be a lack of organizational capacity to fulfil partnership commitments. How this could be done in community participation would become a matter of interest in this research.

2.1.2.2 NPG and Public Private Partnership

A more narrowly defined partnership concept in public service delivery is the popular concept of Public-Private Partnership (PPP), which comes in various forms including private finance (UN 2008, HMT 2008). It is characterised by tightness of the organizational linkages between the two actors, or more precisely, long term contracts for public infrastructure projects (Hodge and Greve 2008, p. 93) (Greve and Hodge 2010, p. 149). However, these authors disregard other forms of PPP such as build-own-transfer (BOT), build-own-operate-transfer (BOOT), sale and lease back; and they are silent on management contract, lease, and concession. The main distinguishing characteristics between these two "PPP" and "not to be PPP" types are whether the products or services are jointly developed or not, and whether the risks, costs and resources associated with the production of these products and services are shared or not.

Bovaird (2004) interprets the partnership based on the ten governance principles. He further asserts that PPP can be formed based on 'transactional contractual relationships' and/or 'collaborative partnerships'. Gauging the partnership from the accountability principle, under contractual relationship, according to him (Bovaird 2004, p. 210 - 11), "the contractor must account to the purchaser in line with all performance reporting procedures agreed in the contract…" and under collaborative partnerships "partners must be prepared to account to each other for their actions and performance on all issues… and must be prepared to account to other stakeholders for the overall performance of the partnership".

Apparently, the former type of partnership attracts NPM attributes, while the latter type embeds a collaborative relationship. Perhaps the latter type is more applicable in the UK context where the PPP is defined as:

> "… arrangements typified by joint working between the public and private
> sectors. In their broadest sense, they can cover all types of collaboration

across the private-public sector interface involving collaborative working together and risk sharing to deliver policies, services and infrastructure" (HMT 2008, p. 18).

Evidence regarding the success of PPP is mixed (Athena 2012). Private financing PPPs are seen as relatively successful, but long-term infrastructure contract-type PPP arrangements generate mixed reactions, particularly regarding the question of value for money. Hodge and Greve (2008, pp. 105 - 106) further argue that the PPP as a policy has been delivered but its effectiveness remains in doubt.

From the point of view of governance, PPP is not participative, especially when the contracts are framed in its different stages – needs assessment, prioritization, design, implementation, monitoring and evaluation – where users are not typically involved in the process. The contract process itself is so complex that scope for public or stakeholders' participation is limited, and the process is not transparent; deals are kept secret and only opened to concerned lead agencies, bankers and lawyers, those involved in the contractual arrangements. The other challenges are the multiple roles of government where the roles range from policy advocacy to economic development, stewardship of public funds, election of representatives for decision-making, and planning, contract regulating and enforcement. Managing partners who have different or opposing strategic agendas and interests, or capacity constraints on both parties, and the ill intentions of private organizations over transactions are other governance challenges. Since PPP is a long-term contractual relationship, it is difficult to evaluate the results of the projects, and to capture the transaction costs to compare between various partnership projects or compare these projects with the traditional government service delivery projects (Hodge and Greve 2008).

The OECD (2012) sees PPP as a challenge in public governance. The questions are whether the government can afford the projects financially, and from such projects

improve the value for money; whether the risks can be appropriately transferred between the partners, and whether the public sector (government) has contract negotiation skills or not. The United Nations (UN 2008, p. 8 - 9) acknowledge most of these challenges are due to the lack of proper institutions, processes and procedures to deliver PPP projects. It (UN) further asserts the need of a strong PPP system in the public sector where public managers have the skills to forge partnerships, manage networks, and conduct negotiations; and have contract management and risk analysis skills.

2.1.2.3 NPG and the collaborative approach

Collaboration demands a high level of trust compared to partnership. According to Keast and Mandell (2013, p. 1):

> *"Collaboration is part of a continuum of joint working relationships that are defined by the intensity of the relationship, communication flows and distribution of power between the participants, length of relationship and level of risk and reward."*

Collaboration as seen by Keast and Mandell differs from cooperation and coordination in terms of connection, communication pattern, goal formulation, resource and power sharing, commitment and accountability, time frame and risk taking behaviour and reward system. As far as accountability is concerned, with 'cooperation' it remains within the organization whilst in 'coordination' it remains with the parent organization; whereas in 'collaboration' the network holds accountability first, and then the community and the parent organization (see Figure 1).

From an accountability perspective, one can argue that a collaborative relationship is premised on shared accountability among the network members, and demands high compactness in trust, communication, information, goal and power sharing, and finally this relationship is associated with high risks but at the same time it offers greater rewards.

Figure 1: Characteristics of 3 Cs (Keast and Mandell, 2013)

Cooperation	Coordination	Collaboration
• Loose connections, loose trust • Tacit information sharing • Ad hoc communication flows • Independent goals • Adapting to each other, or accommodating others' actions and goals • Power remains with organizations • Resources remain with organizations • Commitment and accountability to own organization • Relational timeframe short • Low risk/low reward	• Medium connections, work-based trust • Structured communication flows, formalised project-based information sharing • Joint policies, programmes and aligned resources • Semi-interdependent goals • Power remains with parent organizations • Commitment and accountability to parent organisation and project • Relational timeframe medium-based on prior projects	• Dense interdependent connections, high trust • Frequent communication • Tactical information sharing • Systems change • Collective resources • Negotiated shared goals • Power is shared between organizations • Commitment and accountability to network first then community and parent organization • Relational timeframe - long term (3 years) • High risk/high reward

Source: Adapted from Australian Research Alliance for Children and Youth.

A 'collaborative advantage' (Huxham and Macdonald 1992) refers to the advantageous situation by which a number of agencies working in partnership achieve more than they might do separately. When agencies working in partnership reach a certain synergy of operations, strategies and mindsets, the whole produces better outcomes than any single one in isolation (Dudau and McAllister 2010a). They (Dudau and McAllister) also see that collaboration is threatened when it fails to overcome resistance to diversity (e.g., gender, profession, working style, religion, values, beliefs), both within and across organizational and professional boundaries.

Agreement on aims, trust building (initiating and sustaining), managing cultural diversity and knowledge transfer, are the key conceptual frameworks for the theory of collaborative advantage proposed by Huxham and Vangen (2010, pp. 163 - 184). However, this collaborative advantage cannot be attained when power sharing between partners is imbalanced, or membership structures are ambiguous and too complex to manage aims, trust and cultural diversity (Huxham and Vangen 2010, pp. 178 - 179).

John Wanna (2008, p.8) advocates three types of drivers of collaboration, which are more or less similar to those favouring the emergence of NPM. These are external drivers that include globalization, world trade, the market, international connectedness, knowledge of other cultures, information technology, terrorism, security, community demand, and social change. Internal drivers are those that deal with the governmental system, entailing political demands for public officials to be responsive to the community, policy reach and accessibility, flexibility in the budgeting system, outcomes and performance result orientation.

Contract provision for collaboration with external providers, relation management, and capacity building of public agencies to garner collaboration are other drivers. And, finally, volitional factors related to political strategies for shared goals and understanding of problems of community for collaboration should be included. All this entails building consensus and coalition for demand and developing new policy agendas.

Perhaps the most defining explanation of collaboration comes from Geddes, although this is still in favour of public management, but from a collaborative dimension. According to him:

> *"'Collaborative public management' (CPM) is a concept that describes the process of facilitating and operating in multi-organizational arrangements to solve problems that cannot be solved or easily solved by single organizations. The aim is to achieve common goals utilizing boundary crossing as a positive mechanism to encourage reciprocity and the active engagement of citizens."*
> *(Geddes 2012, p. 948)*

Geddes distinguishes NPM and CPM on the following management dimensions:

Table 2: A typology of management dimensions of NPM and CPM

Dimension	New Public Management (NPM)	Collaborative Public Management (CPM)
Performance	Managerial Outputs Organizational/individual objectives Indicators/incentives	Network Outcomes Cross cutting Renegotiable objectives
Accountability	Contracts with individual and managers	Shared with stakeholders
Community engagement	Customer Manager defined service standards	Citizen Active public engagement to define choice
Values	Corporate culture Entrepreneurial Visionary Responsiveness Risk managing	Mutuality Reciprocity Innovative Legitimacy Empowerment Risk taking
Leadership	Merit appointed Transformational Conservative	Natural Facilitative Participative
Employee relations	Hard HRM Performance pay Task specialization Staff development	Soft HRM Multi-task jobs Leaderless teams/practitioner networks Cross-sector careers Organizational learning
Management tasks	Performance manager Strategic planning Contracting Culture management-mission, vision Core business Income generation	Network/process manager Mobilizing Synthesizing
Decision-making	Rational Managerial Separation of policy and implementation	Evidence based Joint stakeholders Integrated policy implementation and evaluation
Structure	Market Decentralised Multiple agencies Outsourcing Principal/agent	Network Pluralistic Multiple agencies Inter-agency Preamble supported boundaries
Process	Contracting/privatization Cost centres/audit Quality management	Covenants/compacts Commissioning Pooled budget Integrated technology

Change	Cultural	Experimental
	Top-down process	Bottom-up
	Rapid and far reaching anticipation	Continuous improvement

One can see that NPM operates in a closed system while CPM operates in an open system. NPM's emphasis is on an organizational approach, while CPM goes beyond the institutional boundary. As with the collaborative approach, it (CPM) addresses basic governance characteristics such as citizen and stakeholders' participation, legitimacy, policy integration, pluralism, and change from bottom-up. Besides this, interestingly, the CPM model incorporates many social capital elements such as reciprocity, trust building, relationship and networking. However, would all this explicitly explain whether a collaboration is like a partnership of equals, or subsidiary or submissive? Some answers are given here, but still far too few to comprehend this fully.

Osborne (2010b, pp. 413 - 425) opined that NPG is a debatable theme in public services, which could be a model to embrace both public policy (PA) and public service delivery (NPM), but still needs further research to establish it as the "state of art" in public services. He poses seven questions to qualify NPG, and these are related to -

- Basic unit of analysis to be used in the exploration of public policy implementation and public service delivery;

- Best-suited organizational architecture to deliver public services in plural state;

- Sustainable public service systems;

- Values that underpin public policy implementation and service delivery;

- Skills required for relational performance;

- Nature of accountability in fragmented plural and pluralist systems.

Owing to its characteristics, the most problematic aspects of NPG from the organizational perspective in public service delivery are its expansiveness and its tendency towards

boundary spanning and boundary maintenance (Osborne, 2010), which is complex and messy (O'Flynn 2008, p. 192). Like NPG, collaboration can also be considered an ideal for aspiration (Head 2004). The issue of collaboration in public services is addressed in the next sub-section, but from the third sector perspective.

2.1.3   The Third Sector

The rise of the 'third sector' (in short TS) was phenomenal (Salamon 1994) during the late 1900s (Najam 2000) and early 2000s. It is taking its own place and pace in public service provision. It is also embracing the greater societal role in development and the nation building process, although within their blurred boundaries (Billis 2010ab, Gidron 2013, Rees et al. 2012). This is because its history, roots and the intellectual development of this field of study have been given different names by different cultures and research traditions. On these there is no agreement as yet (Wagner 2012). Upon reviewing the historical organizational types, Kim (2011, pp. 642 - 643) defined the third sector "as organized efforts of voicing and solving social problems and conflicts, which should be measured primarily by citizens' voluntary participation".

The meaning of TS is multifaceted, complex and multi-disciplinary (Gidron 2013), and its forms and applications vary from country to country. Broadly speaking, Third Sector Organizations (TSOs) can be discerned from their mission objectives as whether they opt for 'policy' or for 'service provision'. Billis (2010a, pp. 48-55) explored TS from the organizational perspective, thus framing it as TSO. According to Cornforth and Spear (2010, p.75) an ideal type of Third Sector Organization is the membership association run by its members and volunteers. It draws its resources primarily from membership fees and voluntary donations of time and money. The governing body is elected by the membership of the organization. Their mission is to serve society and community rather than seeking profit.

To arrive at the distinctive characteristics of TSO, Billis (2010a) compared the core elements of the public sector, the private sector and the third sector in terms of their ownership, governance, operational priorities, human resources, and other resources.

Compared to Geddes's CPM (2012) and Osborne's NPG (2010), Billis's TSO (2010a) tends to be more focused on social organizations in terms of its ownership type, associational nature and resource generation. Table 3 distinctly shows three sectors that have different elements of accountability and motivation; the private sector is concerned with the market, the public sector with public service and choice, and the third sector with committed mission.

Table 3: Ideal type of sectors and accountability

Core elements	Private sector principles	Public sector principles	Third sector principles
Ownership	Shareholders	Citizens	Members
Governance	Share ownership size	Public elections	Private elections
Operational priorities	Market forces and individual choice	Public service and collective choice	Commitment about distinctive mission
Distinctive human resources	Paid employees in managerially controlled Firm	Paid public servants in legally backed Bureau	Members and volunteers in Association
Distinctive other resources	Sales, fees	Taxes	Dues, donations and legacies

Source: Extracted from David Billis (2010a, p. 55)

This is because of their inherent distinctive and conflicting principles (Billis 2010a, p.56). These differences in their organizational and institutional bases can lead them into adversarial, conflicting and contested situations. By using Set Theory, Billis has identified the 'hybrid zones', (the combination of private-public-third sector) where he argued that hybrid TSOs might fulfil some requirements. However, the issues on the line and source of accountability (single or multiple, or how to build common accountability, and the

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danger that this may lead to nobody being accountable), the staff arrangement (paid vs. volunteer), and distinctive organizational principles (rules of the game) all have left the ideas open for discussion in the third sector realms.

Rees, Mullins and Bovaird (2012) are optimistic about the greater participation of TS (based on the UK experience) in collaborative partnership forms for public service delivery. Their argument is that partnerships for collaboration can work well, even in competitive (market) conditions, through network governance, both horizontally (in between TSOs) and vertically (with public and private sector officials and contractors). They further argue that many TSOs flourish better when working with other organisations through a more consensual approach because of their organizational values, instead of working in hierarchical, and especially contractual, arrangements, or through mergers.

Jupp (2008)[17] gives a first hand account of the experience of the third sector's collaboration in public services in the UK. According to him, the sector in the UK is vibrant and growing. The number of charities registered has increased, and so have the social enterprises and their turnover (£ 27 billion), and employment. The government (UK) has increasingly recognized the importance of this and sought more appropriate policies for TS. He (Jupp, 2008, p.176) also acknowledges that collaboration with TS is not problem- or risk-free; but "by giving greater emphasis to flexible, arm's length funding … better engaging with emerging civic organizations and social enterprises, and by not underestimating the challenges of cultural change, sustainable collaborations can become an embedded part of the work of government in the future".

In developing countries, however, such effective complementary relationships between state and civil organizations may be weak due to intense social hostilities, political instability, widespread poverty, state repression, fiscal indigence or international

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[17] Ben Jupp was the director of the Office of the Third Sector of the UK Government.

dependence. In such situations, the relationships between the states and the civil organizations are likely to be not collaborative but adversarial, displacing, competitive and substitute or subsidiary (White and Robinson 1998, p. 102).

Amid this very wide meaning of the term 'Third Sector', more differentiated meanings must be explored for better comprehension, under the headings of: non-profit sector, civil society, NGO, and community and users in the successive deliberation.

2.1.3.1 The non-profit sector

The purpose of the non-profit sector is to improve and enrich society by creating social wealth rather than material wealth. It is sometimes referred to as civil society, the third sector, the voluntary and community sector, the charity sector[18], and the social sector and so on so forth. The terms used are confusing, but the common understanding is that the sector exists to make a difference to society rather than to make financial profits through various functions: service, advocacy, expression, community building, and value guardian (Salamon 2012).

To distinguish this, in the US what is often called the non-profit organizations are charitable organizations which are separated from other types of tax-exempt organizations, based on their purpose. Charitable organizations must benefit the broad public interest, not just the interests of their members[19].

Here is another version of the taxonomy of this sector from a tax and economy point of view. The non-profit organizations, contrary to their name, can be highly profitable organizations (Weisbord 1988), but this depends on how they generate their resources

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[18] For more understanding on social charitable nonprofit organizations see http://knowhownonprofit.org/basics/what-is-non-profit accessed on 21 March 2014.

[19] To understand American views on the non-profit sector from the revenue tax perspective see http://www.independentsector.org/nonprofit#sthash.nf3qhto3.dpuf accessed on 18 March 2014.

(grant, subsidy, fees, services), finance their activities and distribute their profits. That is, the profit for themselves as owners and associates, or for another social cause that is intended for tax exemption and other subsidies. In the US, like in many other countries, the tax law defines "non-profits" as organizations for charitable or mutual benefit purposes.

According to Weisbrod (1988) there are three types of non-profit organizations, i.e. private, collective, and trust. Non-profit private organizations are self-serving. They do not reap the profit for themselves, but they may be instruments for generating profits for their constituents, such as private firms, or for their members such as trade associations, country clubs, labour unions, farmers' cooperatives, and chambers of commerce. Collective non-profit organizations provide benefits to individuals and groups outside of the organization. They operate in the public interest, and the focus of their activities could be medical research, museums, wildlife sanctuaries, environmental protection, or aid to the homeless. Many of their services overlap with the services provided by the government agencies. The "trust" types of organizations provide goods and services in competition with the private sector. The goods or services they produce are difficult to categorize. Blood banks, nursing homes, day care centres, and hospitals are examples of this category of organization. Collective and trust organizations enjoy several other benefits apart from their exemption from corporate income tax and property tax, such as having no duty to pay the minimum wage to their employees, or social security contributions and unemployment compensation.

In practice, a great number of permutations of non-profit organizations exist. Non-profits can operate alone or in combination with both for-profit and government agencies. A for-profit organization may establish a non-profit subsidiary and a non-profit may establish a for-profit subsidiary. They may operate a joint venture. Such combinations are capable of enhancing the profit of the proprietary partner in a number of ways (Weisbrod 1988).

2.1.3.2 Civil Society

Wagner (2012, p.299) argued that 'third sector' and 'civil society' are two different but mutually enhancing research paradigms. According to him, the former addresses the decentralization of public administration, and the latter entails the delegation of power from citizens to the state. This expression gives a kind of nomenclature where, "third sector" is associated with service delivery and civil society with taking part in public policy formulation and implementation through government. Does this entail mainly the advocacy role of civil society or more than this? However, this argument is not that easy. It is hard to differentiate, in the case of a civil society that still embraces a wide range of public service provision works. Other scholars further support this boundary blurring definition.

Theoretically, White and Robinson (1998, p. 229) believe that the term "civil society" in development discourse is confusing because of the ambiguous theoretical heritage of the term itself. They further say:

> *"… actual civil societies are complex associational universes encompassing a wide diversity of organizational forms and institutional motivations. They contain repression as well as democracy, conflict as well as cooperation, vice as well as virtue; they can be motivated by sectional greed as much as by social interest. Thus, any attempt to compress the idea of civil society into a homogeneous and virtuous stereotype is doomed to failure".*

This is, however, a very general expression of civil society, without clarifying whether civil society has a policy advocacy, implementation or service delivery role, or a mix of all three either while working alone, or with government and the private sector.

The flourishing of civil society may be variously explained in both developed and developing countries. White and Robinson (1998. p. 228) identify three sets of pressures for growth. These are (i) the spontaneous effort of organized citizens to create an

independent space that is outside the control of the state as a means of escaping political oppression or improving their own living conditions; (ii) external assistance provided by international agencies, private voluntary organizations and national aid donors, which have boosted the resources available to indigenous non-profit organizations; and (iii) governments which have fostered the growth of the voluntary sector by contracting out public services and by increasing the involvement of churches and non-governmental organizations in official development programmes. Perhaps discussion of the definition of NGOs will give some better understanding over this confusion!

2.1.3.3 NGOs

By general definition the NGO is no different from any other social and associational organizations (Shigetomi 2002, Salamon and Anhier 1994, Najam 2000, Pestoff and Brandsen 2010). It can be a non-profit, voluntary, independent, charitable, philanthropic, associational, or third sector organization (Najam 2000). NGOs are self-governing independent bodies, voluntary in nature, and tend to engage both their supporters and constituency on the basis of values or some shared interests or concerns, and have public benefit purposes (Fisher 1997, Salamon et al. 2000, Vakil 1997, and Kilby 2006).

According to Srinivas (2009, pp. 614-616) the term NGO is often used "indiscriminately, obscuring the heterogeneity in practice of the organizations signified". The term was first used in 1945 by the United Nations to specify the role of consultants in UN activities that were not those of national governments (Lewis 2001). The international aid regime, particularly the UN Millennium Declaration, became the key driving factor to increase its (NGOs) size, scope, volume and influence within the sphere of international development in developing countries (Fowler, 2000) that eventually overshadowed the earlier forms of organizations such as voluntary organizations, community development programmes, and cooperatives by organizations referred to as NGOs (Hailey 1999, Lewis 2005).

Looking at NGOs through the sectoral organizational lens, they exhibit distinctive organizational features (Brett 2000, Lewis 2003, Fisher 1994, Najam 1996 and Uphoff 1993) based on their unique voluntary communitarian ethos. These organizations share and function through "commitment of their workers, volunteers, and members, and not primarily through financial remuneration based on profit making" (Lewis 2003, p. 328).

Srinivas (2009) argued that the sectoral typification ignores the organizational heterogeneity that blurred the distinction between the membership-based organizations and non-membership based organizations or externally assisted intermediary organizations and self-generating start-ups (Avina 1993). The nature of the associational diversity of NGOs, as organizational forms for social change operating at multiple levels of society, offers various alternative choices for the arrangement of the public good. These range from "local organizing, community-level organizations that hire professionally trained staff when needed" to "professionally staffed NGOs organizing communities in response to available grants" (Srinivas 2009, p. 623). What he (Srinivas) called the former approach describes local organizing NGOs that offer political responses to government policy, using the public sphere to debate different notions of public goods, and the latter one describes the professional organizing NGOs that use local communities as a means of distributing specific resources from governments, outside funders, or both.

While looking at their (NGOs) relationship with the public sector, Najam (2000) conceptualized that NGOs can have four types of relationship with government, what he called the "Four-C's" relational frame, from the combination of means and ends. These are "Cooperation", "Confrontation", "Complementarity" and "Co-option" (Figure 2). For example, when government agencies and NGOs share similar policy goals and similar strategies a cooperation relationship can be established. But Coston (1998) sees

cooperation and collaboration as two different forms of relationship between NGO and government.

Figure 2: The Four-C's of NGO-Government Relations

		Goals (Ends)	
		Similar	Dissimilar
Preferred Strategic	Similar	Cooperation	Co-option
(Means)	Dissimilar	Complementarity	Confrontation

Source: Extracted from Adil Najam (2000, p. 383)

Collaboration makes NGOs merely the implementing bodies (not in equality), while cooperation is a loose relationship. His view on collaboration contrasts with the Keast and Mandell (2013) view, where the collaboration seeks more joint endeavours in many aspects of the relationship, such as shared goals, resources, and information and a high level of trust. However, Najam thinks that power asymmetry between NGOs and government has less to do with collaboration or cooperation as long as both ends and means are synchronized and non-threatened. This notion partly supports the views of Huxham and Macdonald (1992) (such as a partnership in the synergy of operations, strategies and mindset), but how the trust, which is one of the main features of the collaborative approach, would be built up in Najam's cooperation model is not clear.

Furthering the Four-C's model (Najam), confrontation or conflict has been just the opposite of cooperation. It means that the policy goals and the strategic means to achieve them are dissimilar, divergent and adversarial. This often happens in the situation when NGOs pursue policy reform agendas that go against the government's interests. When governmental organizations and NGOs have divergent strategies, but convergent goals, the relationship is described as Complementarity. This relation could be either in a

partnership or contractual form (Young, 1999). But Najam (2000, p. 387) rejects this notion on the ground that the flow of resources in Young's version is one way, i.e. from the government to NGOs, but for him (Najam) it is more about sharing similar goals than means. He (Najam) believes the means can be independently and differently pursued as long as the purpose is to achieve a shared end. It is just not like the procurement of resources, but the provision of services.

In a co-option relationship, governmental and non-governmental organizations share similar means, but choose different goals. Due to goal difference the power asymmetry comes into play to define the relationship; which, according to Najam, is conflicting, as one has to influence others to align the goals.

For the purpose of this discussion, the NGOs, as part of civil society, alias the not-for-profit sector, or third sector, can be differentiated more by their functional role than their associational pattern. The question is whether their own concerns play a greater role than others' concerns when they act as intermediary organizations.

2.1.3.4 Community and users

The emergence of users' committees (or groups or associations) is a quite widespread phenomenon in developing countries. It refers to a self-help community association where the users' participation (as members and beneficiaries) is very high. They are involved in the design, production, consumption and maintenance of services. Self-help groups are often associated with micro-finance (Rutherford, S. 1999, p. 9) (Christen, R.P. et al. 2005, p. 106), but can be found in any sector, such as livelihood and income generation for example. Their presence is very strong in rural areas in developing countries. They are not intermediaries like NGOs, but are the beneficiaries of their own enterprises, and their involvement in public services is ever increasing. Theoretically, they survive on their own

without external support. But quite often they do receive government grants and other support (donations) to develop and sustain their services.

Community participation in public services is made either in an associational form (such as NGOs, CBOs or professional organizations), or directly as being the users or consumers of the services. The latter (users or consumers) can get registered with the government to obtain the legal entity of being associational to get the government support. INLOGOV (2012) is pursuing a new public service delivery model, particularly from the local government perspective, as they (local government) are the first line of elected public governments at the sub-national level closed to the public and communities.

The model concept draws heavily from the co-production theme of social capital values (trust, reciprocity, respect) (Bourdieu 1986, Coleman 1990, Putnam 1995, Carney 1998, Flora 1998, Ostrom 1998, Scoones 1998 and Uphoff 2000, Stephens et al. 2008). This model embraces the need for a stronger relationship with communities and individual service users by changing the behaviour through building trust and capacity in service provision.

According to Bovaird and Loeffler (2012, p. 1)):

> *"The movement to user and community co-production is built upon increasing realization of one of the key characteristics of services in the public and private sectors – that the production and consumption of many services are inseparable."*

Pestoff and Brandsen (2010, p. 227) describe 'Co-production' as "one of several mechanisms that can be used to increase the influence of citizens over the services that are delivered to them". Although the model they discuss is drawn from UK experience, it

gives important insights into service provision which can be more generally applied, since there is great funding pressure in the UK on both central and local government. According to INLOGOV the "'new model of public services' brings together a number of the key themes and constructs" (Staite 2013) in public service provision. Its co-production characteristic resembles the structure and functioning of the self-help community level's user groups (or committees) in Nepal.

One thing certain about this model is that it clearly emphasizes the involvement of citizens and users directly in service provision, i.e. production, with both public and private institutions.

2.2 Public service provision and accountability

In the previous section public service delivery was considered from different theoretical perspectives, reflecting recent and emerging trends and paradigm shifts. In this section, accountability in public services is discussed from the governance perspective, in terms of defining accountability, how it is structured in public services and through what means and organizational relationships it is affected.

2.2.1 What is a public service?

A public good is a good that is non-excludable and non-rivalrous, which means individuals cannot be excluded from use, and where use by one individual does not reduce availability to others[20]. For instance, fresh air, knowledge, national defence, police, public libraries, public health, refuse collection, flood control systems, environmental protection, street lighting, and transportation. A slightly different definition of public services may be derived from focusing on their non-for-profit rationale and delivery:

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[20]   For current definitions of public goods see any mainstream microeconomics textbook, e.g.: Hal R. Varian, Microeconomic Analysis ISBN 0-393-95735-7; Mas-Colell, Whinston & Green, Microeconomic Theory ISBN 0-19-507340-1; or Gravelle & Rees, Microeconomics ISBN 0-582-40487-8.

> *"A commodity or service that is provided without profit to all members of a society, either by the government or by a private individual or organization"* - *Oxford dictionaries (p. 4).*[21]

However, the excessive use of public goods may result in negative externalities affecting all users; for example air pollution and traffic congestion. Public goods problems are often closely related to the "free-rider" syndrome, in which people do not pay for the goods that may continue to be accessible, which leads to the 'tragedy of the commons' (Hardin 1962), where the consumption of a shared resource by individuals acting in their individual and immediate self-interest diminishes or even destroys the original resource. Public goods may thus be under-produced, overused or degraded. Public goods can be subject to restrictions to accessibility, which would then be considered as club goods or private goods; and the exclusion mechanisms used could be copyright, patents, congestion pricing, and pay television (in the UK).

For the present purpose it is more practicable to define public services as the services which are funded with public money. These can be delivered by the state or on behalf of the state by voluntary, community or private organizations (Funding Central)[22]. Although public goods and services differ from country to country, as in what form and to what extent these goods and services are produced and provided by the government and its subsidiaries, there are some basic goods and services such as health, education, security, waste management, drinking water, job creation, that may be being considered as public goods. In a welfare state, the government takes greater responsibility to make the provision of such goods for the welfare of the public either directly or through the private or social sectors.

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[21] http://www.oxforddictionaries.com/definition/english/public-good
[22] Funding Central is a free resource for charities, voluntary organisations and social enterprises based in England funded by the Cabinet Office, Office for Civil Society www.fundingcentral.org.uk Accessed on 3 March 2014

2.2.2 Accountability

According to Stapenhurst and O'Brien (p. 1):

> *"The notion of accountability is an amorphous concept that is difficult to define in precise terms".*

Accountability cannot occur in a void. It requires a relationship between living actors in society. Therefore accountability is also called "the DNA of civilised societies" (Zadek 2007, p. 1). This relationship defines the performance of tasks or functions of an individual or a body, which are subject to the oversight of another individual or body seeking information and the justification of the actions of the former. According to Boven et al. (2008) accountability is a relationship between an actor and a forum, where the actor has an obligation to explain and justify his or her conduct; the forum can ask questions and pass judgment, and the actor face consequences. Hondeghem (1998, p. 132) clarifies further by saying that "Public accountability rests both on giving an account and on being held to account".

A more comprehensive definition comes again from Stapenhurst and O'Brien (p. 1):

> *"… accountability exists when there is a relationship where an individual or body, and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions".*

They emphasize that the concept of accountability has two distinct features, i.e. answerability and enforcement:

> *"Answerability refers to the obligation of the government, its agencies and public officials to provide information about their decisions and actions, and to justify them to the public and those institutions of accountability tasked with providing oversight. Enforcement suggests that the public, or the institution*

responsible for accountability, can sanction the offending party or remedy the contravening behaviour. As such, different institutions of accountability might be responsible for either or both of these stages". (Stapenhurst and O'Brien, p.1).

Further on accountability, Baez (2011, p. 3) has said:

"Accountability is indeed a broad concept that covers and permeates a vast array of relationships involving power and decision making authority across sectors and organizational strata of society and government".

He further puts this relationship in the form of principal–agent perspective (Baez 2011, p. 6) by saying that:

"… a process within a principal-agent relationship through which the behaviour and performance of the agent is evaluated against predetermined standards by the principal and where misdeeds are sanctioned."

According to UN (2011)[23:]

"Accountability is the obligation of … and … to be answerable for all decisions made and actions taken by … and to be responsible for honouring commitments, without qualification or exception".

Likewise accountability is "… required or expected to justify actions or decisions; responsible"[24]; it is "an obligation or willingness to accept responsibility or to account for one's actions"[25], and it can be "the state of being accountable, liable, or answerable".[26] In the words of Edwards and Hulme (2013, p. 9), accountability is "the means by which individuals and organizations report to a recognized authority (or authorities) and are held responsible for their actions".

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[23] UN (2011) Accountability frameworks in the United Nations system, Joint Inspection Unit, United Nations, Geneva 2011.

[24] http://www.oxforddictionaries.com/definition/english/accountable, accessed on 5 January 2014

[25] http://www.merriam-webster.com/dictionary/accountability, accessed on 5 January 2014

[26] http://www.thefreedictionary.com/accountability, accessed on 5 January 2014

Accountability can be classified into different types: structural and sectoral. Structural accountability may be any of the following: political, social, horizontal, vertical, diagonal (WB), upward, downward and outward (Goetz and Gaventa 2001, O'Neil et al. 2007, DFID 2008).

Bovens (2005, pp. 13 - 17) talks about four major bases of accountability. These bases are the nature of the forum, actor, conduct, and obligation. Under each stream, he further classifies the types of accountability. Although all these bases provide some forms of premise for accountability, particularly the 'forum' and the 'actor' offer an appropriate basis for the present study. This is because the District Development Committees of Nepal are considered as the forums (principals) where the service providers and water users' committees are considered the actors (agents).

Accountability thus involves the giving and taking of an account between at least two individuals and/or bodies. To verify this account, more precisely to formalize the account, an audit needs to be carried out by an independent body. This could be an internal or external body (constitutionally established or through ordinance). Therefore, without accounts, an audit cannot be carried out, and without audit the purpose of an account could not be established, and would become meaningless. This relationship of 'account' and 'audit' helps us to understand how accountability exists or is being structured in various organizations in different institutional settings, because these two entities 'account' and 'audit' serve as a means for accountability.

In a public service provision context, the accountability relationship is contingent upon the role assumed by the government in different situations (socio-political and economic), particularly how the state takes care of its citizens through adopting various types of service delivery models, and the organizational arrangements (Romsek 2014) of service

providers (private, public and third sector). Aligning the roles of "right holder" and "duty bearer" in public service provision is paradoxical in the given service provision situation, as to how the relationship is forged among the actors and who is accountable to whom for what. More will be discussed on this in the successive sub-sections.

2.2.3   Service provision framework and accountability

Service provision encompasses the basic accountability framework following the core theme of the World Bank's (2004a) service delivery model. This model has been found widely deliberated in the literature of (public) service delivery (Brown & Potoski 2004, Midgely 2008, and Commins 2007). The framework presents the service delivery transaction relationship between/among the sectoral actors; the state, providers and citizens/clients by applying the accountability features as shown in Figure 3.

Figure 3: Accountability Relationship Framework for service delivery
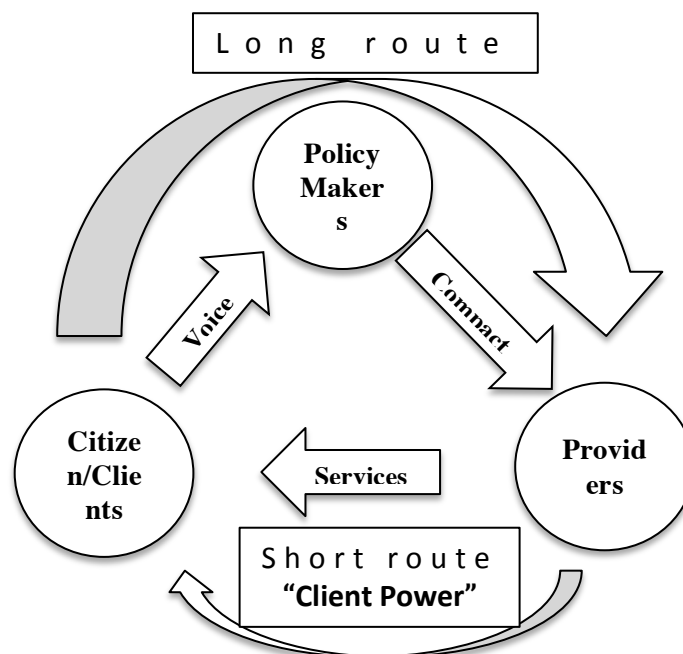
Source: Adapted from WB (2004a)

The simple assumption made here is that the government purchases the services from providers who in turn deliver those purchased services to citizens as clients. If the delivered services are not according to the requirements (or as of the standards and specifications) of the clients, then the clients, being citizens, make their voice heard by the state to ensure that the services be delivered as demanded. This is referred to as the long route of accountability (WB 2004a).

Here the service delivery relationships between 'policy makers' (as agents) and 'citizens' (as principals) are termed 'voice', implying a political mechanism to influence political outcomes through election, advocacy, campaigning and other formal or informal means (WB 2004a). The accountability relationship features (WB 2004a) such as the delegation of responsibility to perform tasks, and the approval of public funds by citizens (through parliament) to policymakers, are about pursuing collective objectives and the mobilizing of public funds to meet those objectives for the welfare of citizens. Citizens may be assumed to have a right to know how funds are being spent on their behalf. Policymakers may be held to account by citizens for their performance, and their effectiveness in pursuing collective goals, and may be sanctioned accordingly through voting or public criticism. This may be termed 'political accountability' in that it involves the political rights of citizens, and answerability to the public by the government.

Through bureaucratic decisions these policies are translated into short-term, mid-term and long-term plans and programmes for implementation. The government, with or through service providers (who may be private, public or social organizations), implements those programmes in the form of public services for people. The World Bank (2004a) has used the term 'compact' for the service delivery relationship between 'policymakers' and 'service providers'. It says that a compact is not always like a contract that is specific and legally enforceable, rather it is a broad agreement for a long-term relationship. Here the features of the accountability relational framework are clear; the policymakers delegate

powers and responsibility, along with resources, to the service providers for collective objectives and outcomes. Accordingly, policymakers expect performance from service providers and they verify such performance through information (reporting, monitoring, assessment, evaluation) submitted by the providers, and accordingly devise or act on whether to offer sanctions or rewards for performance. The World Bank assumes the service providers come from two streams; one from within the government system such as front line staff and agencies and others from the third sector or private entities.

One of the main issues in service delivery is how to motivate government-owned or parastatal bodies and their front line staff either through incentive schemes or by management improvement practices which aim to maintain the 'intra-organizational (internal) accountability'. However, motivating external third parties through outsourcing, partnership, and collaboration is equally complex, due to their different organizational and institutional characteristics. Depending on the nature of the service provision relationship, it may attract 'inter organizational accountability'[27] because two or more organizations (public sector and private or third sector) enter into a service delivery relationship where the organizations involved bear ultimate responsibility for fulfilment of the tasks concerned, one as a principal and the other as an agent.

The short route of accountability (WB, 2004a) is where the service provider is directly linked to people as clients (or users or consumers) through a market mechanism, and where the market decides quantity, quality, duration and price of services. This third transaction relationship, which the World Bank has termed, is 'client power'. Here the citizens as clients enter into a direct relationship with service providers, by expressing their choice for services, assuming that the market offers various choices in a competitive

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[27] One can assume that 'intra-organization' could be considered bureaucratic accountability in public organizations and management accountability in private organizations.

manner. Since market forces determine this relationship, the accountability relationship can be termed as 'market or consumer accountability'.

Service delivery in both situations, short or long routes, fails when any of these relationships break down. This could be either due to government failure or market failure, or both. How to overcome such failures has been well elaborated by the World Bank (2004a, pp. 46 - 63).

However, Samji (2008) argues that service delivery failure also occurs due to the poor information network to strengthen the accountability relationship. According to her, citizens and clients must be empowered with information about their rights by increasing their voice to policy makers, and expressing their choices on services to service providers. In this way service providers become more responsive. It is easier to address the needs of clients when they are well informed about the clients' requirements, and accordingly they devise an effective management structure to respond to the clients' demands, and inform the policymakers about their performance. At the same time, policymakers need information to make an informed decision on how service delivery can be made, with a better incentive structure to have a compact relationship with service providers. What implications could be due to asymmetric information that contributes to the failure of service provision can be clearly understood from her (Samji's) deliberation.

The accountability relationship is complicated not only by the different sectoral characteristics of services (McLoughlin and Batley, 2012a) and by the socioeconomic context, but also by the fact that actors may alternate between, or fulfil simultaneously, the roles of service provider, purchaser and consumer.

For example, in the case of Nepal, the government can be either a service provider or a service purchaser for the public; and the community can either be a provider, a purchaser

or a user itself. In the drinking water sector, the government used to be a service provider. It delivered services either directly or through its parastatal body (e.g. Nepal Water Supply Corporation) in Nepal. Now the role of the government is being shifted towards policy making and overseeing while the government-established Water Corporation and its branch officers are converted into two separate entities - independent Boards as asset owners and private companies like KUKL[28] as service providers in the urban areas. In rural areas, water users' committees manage the system, assuming both roles – providers and users.

The complexity of the accountability issue that arises due to the actors' roles and their relationship to service provision may be clarified by applying agency theory (the Principal – Agent model) in the inter-organizational context.

As we see, these three relationship modes in the service delivery loop, 'voice', 'compact' and 'service', have been ascribed to 'political', 'organizational' and 'market' types of accountability in service provision respectively. This research will take an organizational relational approach but within the broader political-economy environment in service delivery.

2.2.4   Service transaction relationship and accountability

The service provision relationship mode (Mcloughlin and Batley 2012b)[29] in public service is deliberated here, because it helps to understand what kind of service delivery transactions are being employed in. This part deals with the subject from two perspectives, the 'nature of the relationship' and the 'means for the relationship', which

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[28] Kathmandu Upatyaka Khanepani Limited (KUKL) (in English – Kathmandu Valley Drinking Water Limited) was the first institutional reform initiated in Nepal to manage the drinking water supply and wastewater system of Kathmandu valley's three major cities in 2005. Efforts are being made to replicate this reform in other cities of Nepal. For more detail on KUKL refer http://www.kathmanduwater.org/home/index.php

[29] Mcloughlin and Batley have suggested seven modes of service provision, in regard to non-state actors in a broad sense, but mostly with regard to NGOs. These are: contracting out, performance based financing, decentralized state provision, non-state provision, co-production, state regulation and stewardship, and subsidy through vouchers.

refs to the means (or tools) used by the actors involved in service provision. Transaction cost theory (Cheung 1987, Commons 2013, Douma and Schreuder 2012, Klaes 2008, Niehans 1987, Williamson 1981) provides a basis for the decision-making process on whether to source the function internally or externally through a market transaction. However, this market regulated decision-making behaviour (transaction cost) approach adopts a narrow focus and may ignore externalities and social costs (Elsner et. al. 2006, Ramazzotti et al. 2012, Berger 2012, Besley and Ghatak, 2007).

The available literature opens up a discussion regarding the possibilities for combining all types of relationships that can be forged between the organizations involved in public service provision, but indicates that some relationships tend to entail particular means as preferred or conditioned by the market and institutional forms. Figure 4 depicts organizations, their relationships and means of service provision and delivery.

Figure 4: Sector Organizations, Relationships and Means
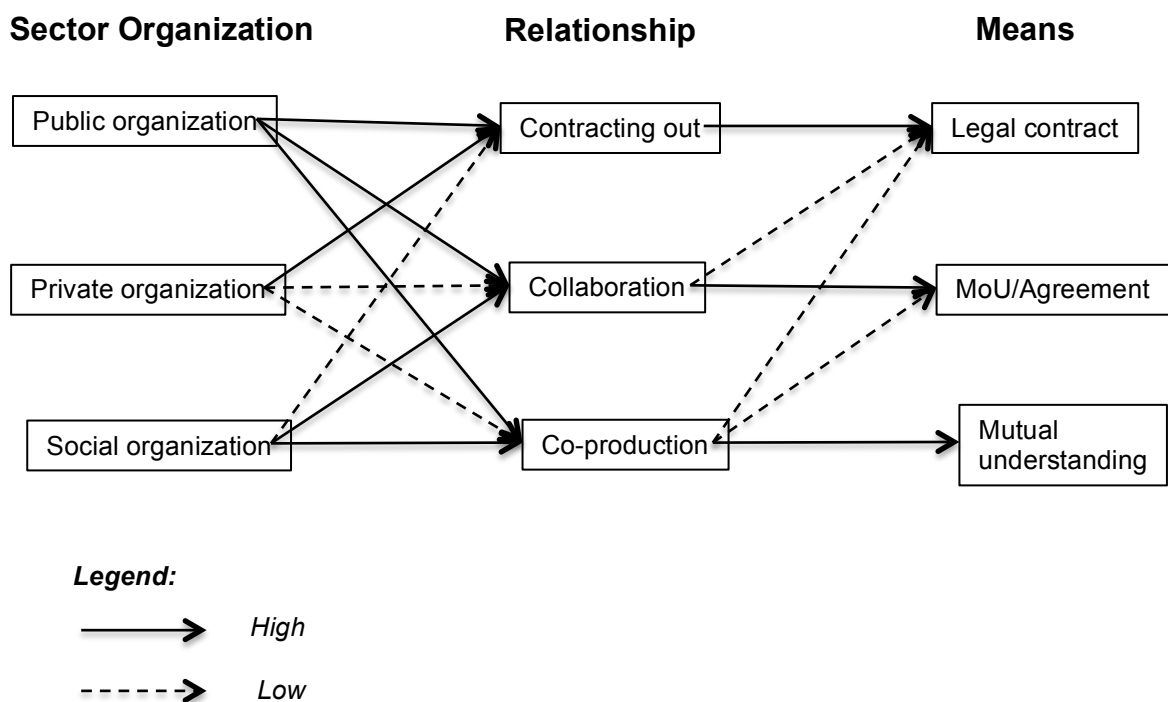
Source: Framed by the researcher based on available literature on public service provision.

The solid line denotes the strong links as what type of service delivery relationships are used by the organizations and the means applied to forge such relationships, and the dotted line represents the weak or less intensified relationships and means.

Public organizations can make use of all three types of relationships: 'contracting out' (McCourt 2001, Batley and Larbi 2004, Mingus 2007), 'collaboration' (Geddes 2012, Osborne SP 2010a, Pollitt and Bouckaert 2011) and 'co-production' (Cahn 2008, Stephens et al. 2008), and so they can use all three types of means: 'legal safeguard', 'MoU/agreement' and 'mutually consented understanding'. For instance, private organizations can have 'contracting out' type relationships that are strongly regulated by the 'legal safeguard' but can also enter into the 'collaborative' and 'co-production' relationships with public and social organizations, which are guided by the 'MoU/agreement' and 'mutual understanding', but can also draw up legal provisions. Social organizations prefer to have 'collaborative' and 'co-production' type relationships with public and social organizations, but they also accept a contractual arrangement, mainly with the public organizations.

Therefore, it is imperative to discuss the means which enable the compact relationship for service provision agreed between the public and non-public organizations. This is because each means reflects the particular service transaction characteristics in the given service context.

2.2.4.1 Contracting

Contracting out or outsourcing is central to the discourse of NPM, a standard practice in private business and widely applied in public service, especially since the 1980s. Contracting out can be competitive or single source or in other forms depending on local legislation and regulatory frameworks.

Through these regulatory frameworks, states or local governments purchase services for their citizens. Most of the possible forms of private sector participation, such as service contracts, management contracts, BOT, BOOT, leases and concessions (Batley and Larbi 2004) in public service provision are variations on the contracting approach, the variations reflecting differences in the inherent nature of responsibility, risk taking behaviour, reward systems, the scale, volume and cost of services.

Although some might consider the involvement of social organizations, particularly NGOs, in external contract arrangements as compromising their ethos (Lorgen 2002, p. 303), such contracting relationships in the competitive service market have often been essential for their survival.

In principle, this form of service transaction warrants the inclusion of formal legal terms in the contents of the contractual relationship to secure public services. The poor organizational capacity of government agencies in developing countries to structure, implement, monitor, and enforce contracts is often a weakness in this form of transaction (Batley 2011, Kettle 2010). The decision to go for contracting-out on competitive bidding depends to some extent on the maturity of the service providers' market. It can be done even in a monopolistic market, if the service purchaser or regulator (or state) can enter into formal contracts with the service providers i.e. producers or suppliers.

In developing countries, many INGOs or donors have used a Business Development Service (BDS) intervention approach to develop such service provider markets by providing some incentives (higher cost for their services and spending money on capacity building e.g. sending abroad for training and exposure etc.), after which those service providers enter the development market through competition when the market is relatively mature enough to absorb them. Alternatively, donors and INGOs may induct some of

them as service providers through non-competitive arrangement (agreement, memorandum of understanding or just on verbal understanding, negotiation). Hence this type of service transaction relationship appears to be more of a quasi-formal relationship with less legal complication or even without any at all. Some have argued that this type of relationship is guided by a 'transformational approach' (Jha et al. 2009) where the relationship is guided by social transformation objectives rather than economic ones, and characterize the financial transaction as a "business contract".

Since contracting out involves binding legal provisions, it safeguards the resources and results, if the contract document is carefully structured. It also offers better governance features because the contract document can become a reliable tool for transparency, monitoring and evaluation of both the performance and outcome of the works that are contracted out. It clearly establishes the principal-agent relationship for accountability. Being cemented, the relationship becomes explicitly expressed in written form, as the contents of the contract; it is then easy for an organization to conduct public and social audits for accountability purposes. However, a contractual relationship is less participative. In fact, the principal determines everything which the agents will perform as per their contractual obligations. The principal can even ask the agents to conduct many important tasks, like a public audit and the monitoring of the performance of service providers, tasks which are appropriate to, and supposed to be conducted by, the principal itself.

2.2.4.2 Collaboration

Keast and Mandell (2013) have clearly differentiated between cooperation, coordination and collaboration. Geddes (2012) has described typologies of collaborative public management, which share some similar of the collaborative features identified by Keast and Mandell, such as collective pool resources, trustful relationship, network sharing, risk

taking. But they are more or less silent on whether such a relationship attracts formal legal safeguards or not in service transaction. However, Romzek (2014, p. 312) interprets this relationship from a broader perspective. According to her, this could be a contractual arrangement formally organized in networks according to the memorandum of understanding (MoU), and one that is loosely structured, depending on the interdependence of service providers. The literature on collaboration (Osborne SP 2010, Pollitt and Bouckaert 2011, and Bills 2010a) does not explain it more distinctly in formal legal terms, although cooperation and coordination are also implied even in a loose form of legal application. As a general rule, it is found that social organizations get involved with the government in service provision agreements by means of a less formal relationship in terms of their legal interpretation and their compliance. The terms 'cooperation' and 'coordination' (Najam 2000) imply shared strategic aims rather than a legal obligation (although these are not mutually exclusive).

Co-operation between the UK government (including local government) and third sector organizations seems typically to involve both collaborative understanding and a firm contract, which may or may not be competitive (Smith and Smyth 2010, p. 275). Rigg and O'Mahony (2013) cite O'Leary and Bingham (2007) on collaborative public management as:

> *"… a concept that describes the process of facilitating and operating in multi-organizational arrangements to solve problems that cannot be solved or easily solved by single organizations. Collectively means to co-labour, to co-operate to achieve common goals, working across boundaries in multi-sector relationships. Cooperation is based on the value of reciprocity."*

Therefore it may be assumed that these forms of relationships, which are less legalistic, less competitive, and less formal but based on mutual trust and reciprocity, will exhibit collaborative features (although in various degrees). This recalls social capital theory (trust, reciprocity) but at the same time it draws on institutional theory (values, rules,

norms, purpose) (Osborne 2010, Scott 2004, and Kraft 2007) and policy network features (multi sectoral and stakeholder analysis, and support) (Geddes 2012). Interestingly, O'Leary and Bingham (2007) elaborate a multi-sector dimension of collaboration whereby organizations with different objectives and interests may come together for a common goal.

Although Romzek (2014) admits the broader application of the means of relationship includes both the formal contractual and the loosely structured MoU type, increasingly the means to formalize this (collaborative) relationship has been found through a simple 'memorandum of understanding', and/or documented 'agreement'. This is one in which the obligations of the parties involved are mentioned, but without subjecting them to prevailing contractual regulations (national or international), and with no more formalities than a simple understanding. The relevant governance literature (Billis 2010a, Osborne S.P. 2010a, Pollitt and Bouckaert 2011, and O'Toole and Meier 2011) regarding public service uses the words like 'network' and 'collaboration' interchangeably. However, the word 'network' is more susceptible to use in the policy formulation context, and 'collaboration' in the context of policy implementation.

From the governance perspective, the collaborative relationship is likely to be open and participatory in nature, particularly in resource sharing and in pursuing a collective objective. But it may often suffer from mistrust and lack of strategic operational clarity. Since the relationship is built on subjective understanding and trust, which is normally formalized with a memorandum of understanding (MoU), or a non-legal binding agreement, there is a danger it may end up with legal disputes over implementation if it is not properly settled. Collaboration encourages network governance in service provision, and accordingly the joint responsibility of all actors. But in a collaborative relationship, is there any scope for holding joint accountability, or can the accountability be shared among the actors involved? Or does collaboration also entail a formal contractual

relationship? This may ask for more enquiries in the inter-organizational relationships of the actors in service delivery.

2.2.4.3 Co-production

Semantic blurring can enable a term to have simultaneously quite different connotations, so that clarification is essential whenever the term is applied in a given context, e.g. co-production. Co-production is associated with the third sector (Presoff 2011), user communities (Bovaird and Loeffler 2011), Co-governance (Ackerman 2011), and with Co-management (Brown et al. 2011). Before defining co-production from a management and economics perspective, it is better first to know what production is. Production is the act of creating outputs, a good or service that has value and contributes to the utility of individuals (Kotler et al. 2006).

Following this definition (Kotler et al.), a 'co-production' is the joint act of processing, creating, or transforming tangible and intangible inputs into goods or services that have utility or exchange values. Put simply, joint resource inputs produce joint outputs. These resources can be of money, time, human, materials, land, ideas, management, legal service, information and IT, etc. How these input elements are being shared by the parties involved define the co-production relationship with its associated risks. The co-production literature (Durose et al. 2013) suggests that this relationship is sought due to resource constraint on the part of the public treasury, the perceived limitation of traditional service models, and changes in public expectations and in technological innovation. For these reasons, states are more inclined to adopt the co-production[30] approach in service delivery (INLOGOV 2012, Stephens et al. 2008).

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[30] The **co-production of public services** has been defined in various ways - e.g. "Co-production means delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbors" (New Economics Foundation) or "the public sector and citizens making better use of each other's assets and resources to achieve better outcomes and improved efficiency" (Governance International)-Wikipedia.

However, the meaning of 'co-production' in service provision has another side too, which NEF (2008) refers to as the 'core economy', also known as the "non-market economy". According to NEF, the "family, neighbourhood, community are the Core Economy". The argument forwarded for this type of co-production for service delivery is that market and centralized bureaucracies are unable to deliver public services, because market logic applies only to narrow deliverables and misses out a crucial dimension of public services (NEF 2008, p. 8). Hence the consumer model, that is to say the traditional unidirectional doctor-patient relationship, now requires equal reciprocity. That is to say, how much a patient needs a doctor, a doctor also needs a patient equally for a successful service delivery. Without the patient's support the doctor cannot deliver a service (Stephens et al. 2008).

As understood by NEF (2008, p. 1), co-production thus refers to the partnership between the monetary economy (public, private, non-profit sectors) and the core economy (home, family, neighbourhood, community, civil society), and this partnership tends to have less formality or legalism and more mutual understanding and commitment to a common cause and purposes. Like in a collaborative approach, the root of this co-production relationship is also heavily explored in studies of the social capital domain (Bourdieu 1986, Coleman 1990, Putnam 1995, Carney 1998, Flora 1998, Ostrom 1998, Scoones 1998, Uphoff 2000, Stephens et al. 2008, and Boyle and Harris 2009) where mutual trust, reciprocity and social value guide the relationship.

This type of relationship, which is also based upon mutual understanding, is less clear whether it involves a contractual arrangement or not. It is participatory by nature where two or more partners are involved in service provision based on mutual benefits and reciprocity. However, it is difficult to express these in legal terminology, unless the partners involved develop mutually agreed self-regulatory norms and a code of practice.

Transparency in this relationship can be ensured through mutual understanding, but any wrongdoing cannot be remedied through legal measures.

2.3 Organizations and service delivery

Under this section, the service delivery is discussed from the organizational forms, their structure, strategy, relationship, and attributes to public service provision. It also observes critically the relationships forged by the sectoral organizations in service delivery from the accountability, inter and intra-organizational perspectives.

2.3.1 Strategy, structure and relationship

This sub-section examines the service provision of three sectors, public, private and social, from the perspective of organization, management, and their relationship in public service provision. All of them may work separately or jointly (two or three together) in the financing, production and distribution of public services, so there exists the possibility of all types of combinations in the supply chain of service delivery.

The public sector consists of all types of government structures, e.g. departments, agencies, front line offices and staff, public enterprises and quasi non-governmental organizations (QUANGOs) and devolved mechanisms at the different levels of local government. The private sector is straightforward. Its entities are legally registered and it operates for profits in the market, and consists of both firms and individuals. The third sector includes I/NGOs and volunteer, civil society and community organizations, all basically guided by social values.

The organization of these three sectors can be measured against three major organizational elements. Though this view is therefore predominantly taken from the

public order perspective, it can also illuminate how they perform in service delivery, since the public service market falls under the realm of public governance. These elements are:

- Strategy

- Structure

- Relationships

The basic logic used here is that the organizational strategy and structure (internal system) contribute to define the service delivery relationship of the actors (with the external environment) as shown in Figure 5.

Figure 5: Structure, Strategy and Relation

Structure

Relationship ⟶ Nature of Goods/ Services
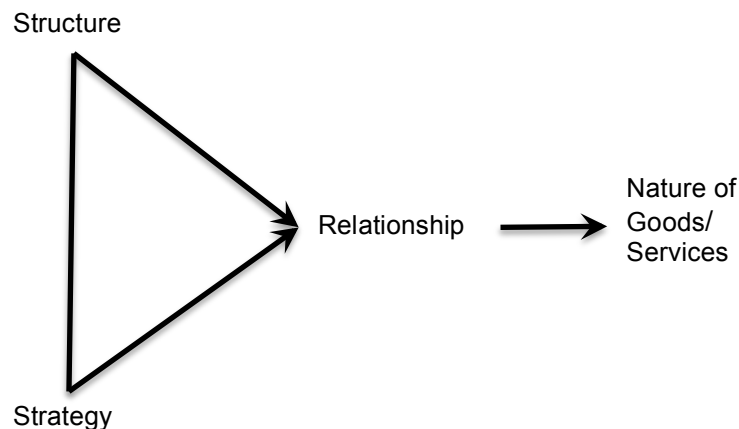
Strategy

Source: Based on Richard Batley 2011, Adil Najam 2000, and H. Mintzberg 1990…

Many scholars believe that the organizational structure follows the strategy. Chandler (1962) states that, "unless structure follows strategy, inefficiency results"; Mintzberg (1990) emphasised that "… structure follows strategy as the left foot follows the right", and Johnson et al. (1990, p. 437) argue that "organizing for success is about an organization configuration" which is built on three related strands 'structures', 'processes' and 'relationships'.

A similar view is held by Najam (2000) but from a different angle. Unlike structure and strategy, he defines the relationship between NGOs and government in terms of 'strategy' and 'goals', that is, between the means and the ends.

Batley (2011, p. 307), while observing NGOs' relationship with the government, is of the opinion that "by combining the analyses of structure and strategy, we are better able to explain the effect of relationships".

Miles et al. (1978) argue that to be successful, the strategy should adjust the relationship between the organization and the environment, taking international structures into account. Although these are old notions, they are nevertheless derived from the market perspective. They (Miles et al.) further argue that the successful organization must adapt itself to the environment by maintaining an effective alignment between structure and strategies. For this, they (Miles et al. 1978) have proposed a strategic typology for organizations that classifies the organizations as defenders (low cost defenders and differentiated defenders) (Olson et al. 2005), analysers, prospectors, and reactors. They argue that the defender, prospector and analyser types of organization are proactive towards their environments, although responding in different ways.

From the public sector perspective, Andrews et al. (2009) argue that the prospecting type of organizations tend to be associated with decentralization, the defending type organisations with centralization, and the reacting organizations will have neither pattern of power distribution. According to them (Andreas et al.), organizations having both 'prospecting' and 'defending' features have appropriate processes, which is lacking in the 'reactive' type of organization, for pursuing either strategy coherently.

In the public service context, the organization's relationship with the environment, and its organizational adaptation are the most interesting enquiries that concern an inter-organization relational system in terms of service provision (Cropper et al. 2010). Romzek and LeRoux (2012) see inter-organization relations from a network perspective, when they argue that the organizational actors face the challenge of balancing their separate missions and their autonomy, strategic priorities, and service delivery protocols.

2.3.2   Public organizations

Farnham and Horton (1996, p. 26) say, "Public Organizations are created by government for a primarily political purpose". Therefore, following the constitutional premise upon which a government's duties are based, the public organization derives its legitimacy from the people. The government's strategic orientation, choices, or decisions are ascribed to the public service ethos (Gaster and Squires 2003, Horton 2008, Rayner et al. 2011) or "public-ness" (Bozeman and Bretschneider 1994) (Antonsen and Beck, 2002), although such a strategy is also shaped by the political mandate of the ruling party (in democratic countries). In all, in some, or in a combination of these structural arrangements, the government achieves service provision either directly through self-production, or via the private and social sectors (Romzek 2004).

Structurally, the public organizations have comparatively permanent structures with consistent and coherent goals, policies, and strategies (Andrews et al. 2009), a budget (Nartisa et al. 2012), open policies (Ring and Perry 1985, p. 279) and secured resource commitment. In contrast to this, Ring and Perry (1985, p. 277) argue that public sector organizations are ambiguous about their policy and strategy due to multiple and often competing objectives (structurally differentiated, e.g. central, federal, local) compared to private sector organizations that operate within the framework of a limited number of relatively stable goals and thus have relatively better strategic focus. The strategic

decision-making of public organizations is constrained by structural factors such as civil service reform, change in bureaucracy, wide stakeholder consultation and the formation of coalition in policy-making (Ring and Perry, 1985). Rainey et al. (1976) further substantiate the existence of these constraints by arguing that public organizations suffer from the environmental constraints of the market (such as market limited exposure, legal and formal constraints, political influence). They also labour under environmental transaction constraints (such as coerciveness, public scrutiny (oversight and accountability); and under internal structure and process constraints (like objective and evaluation criteria, goal conflict, multiple and diverse objectives, hierarchical structure, incentives).

Boyne and Walker (2004, p. 231) argue that public organizations are adaptive, and change their structure as per the strategic contents (strategic stance, i.e. prospector, defender, or reactor; and strategic actions, i.e. markets, services, revenues, external relationships, and international characteristics)[31] to suit the pattern of public service provision to be chosen for implementation. This choice will be from several organizational alternatives, e.g. PPP (Besley and Ghatak 2007, p. 128).

2.3.3   Private organizations

The functioning of private organizations is straightforward. The market shapes the structure and strategy of private organizations. According to Miles et al. (1978, p. 550):

> *"… there are essentially three strategic types of organizations: Defenders, Analysers, and Prospectors; each has its own strategy for relating to its chosen market(s), and each has a particular configuration of technology, structure, and process that is consisted with its market strategy".*

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[31]   According to Boyne, George A. and Walker, Richard M. (2004) "Strategic Stance" denotes the extent to which an organization is a prospector, defender, or reactor; and "Strategic Actions" denote the relative emphasis placed by the organization on changes in markets, services, revenues, external relationships, and international characteristics.

This has propelled the notion that there is a whole range of various types of private organizations, but with a common purpose (i.e. to serve clients to make a profit) in the markets. That fits in with the idea that it is possible, by adjusting their organizational form to align with an appropriate market strategy, these organizations can provide all kinds of services (Farnham and Horton 1996, p. 28).

This reminds us of Adam Smith's dictum of two centuries ago (1776) that "it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest". The principle of self-interest is the fundamental driving force of private sector organizations, in which individuals (and organizations) maximize their self-interest by serving their customers. This metaphor is similar to the "public choice theory" (Niskanen 1994) of the public sector, where a bureaucracy maximises its own self-interest in public expenditure growth. Maximising self-interest can therefore be regarded as benevolent in the economic sphere, while it can be considered undesirable in the personal one (bureaucracy).

In the service market, private organizations normally enter into the service transaction relationship with public organizations in a formal contractual way, mostly through PPP or PSP frames. Such relationships for private organizations are guided by profit maximization efforts. All this gives a different organizational perspective of private organizations towards public service from the incentive point of view. Their profit motive interest clashes with the public value motive of public organizations. How private organizations act in the public service market depends on how successful public organizations are in devising an incentive structure, which will attract the private sector without compromising the quality, quantity, price and delivery time of services.

2.3.4   Social organizations

Non-profit is the main characteristic of social organizations, which distinguishes them from private organizations. These voluntary, non-profit organizations have emerged to fill the service provision gaps which have arisen due to the failure of both government and market (Besley and Ghatak 2007, p128). It is difficult to gauge all social organizations on this scale as many organizations raise their income or build their capital through markets.

Structurally, social organizations vary widely, both sectorally (health, education, water, governance, civil right, humanitarian aid, etc.), geographically (local - CBOs, national - NGOs[32], global-INGOs), legally (association, trust, charity[33], society, user committee, consumer association, cooperative, microfinance, etc.) and in terms of size (from those with only a few staff to global networks). The amount of variety differs greatly from country to country (Shigetomi 2002).

Batley (2011, p. 318) argues that the resource dependence of social organizations, particularly the intermediary-type NGOs makes them structurally vulnerable in terms of their ability to sustain themselves in development markets. For their survival, they must be proactive and must exercise their strategic choice to respond to the external environment. According to him (Batley 2011), in order to maintain their relationship with the public and other organizations, they must adjust and readjust their strategy, avoiding confrontation and adopting a collaborative approach. This is based on a repeated pattern of informal relationships built on mutual trust. Isett and Provan (2005, p. 163) have termed this process "familiarity breeds". However, Isett and Provan argue that this informal trustful relationship could exist side by side with a formal contractual relationship with the public organizations, which is unlikely in the case of the private sector.

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[32]   On the characteristics of NGOs, www.**usip**.org, accessed on 12 January 2014.
[33]   Defining charity from the UK perspective, http://www.charitychoice.co.uk/terms-and-conditions, accessed on 15 January 2014.

The relationships of social organizations with public organizations are different because they are not formed in market settings (Isett and Provan 2005). Instead, they prefer to have a consensual approach rather than hierarchical relations established through the contractual arrangement (Rees, Mullins and Bovaird 2012). Witesman and Fernandez (2013, p. 708) argue that social organizations also enter into contractual relationships but the "non-profit organizations appear to enjoy a variety of trust-related advantages over their for-profit rivals in the contracting process". However, owing to the structural variations of organization in the non-profit sector, "such relationships are very vague and complex, involving many players such as donors and, in some instances, beneficiaries" (Besley and Ghatak, 2007). Moreover, given the variation in the type of relationship built, such as resource dependency, familiarity breeding or traded trusts, it would be interesting to understand the kind of accountability each type fosters in service delivery relationships between social organizations and public organizations in the light of this.

In the case of failure or non-alignment of the organization (structure) in its transactions with the environment (external relations) (Rainey et al. 1976), what would be the distinctive outcomes for public, private, or social organizations? Presumably, the first (public) would survive and continue functioning despite poor performance (Farnham and Horton 1996, p. 33), the second (private) perhaps become extinct completely from the market, while the third (social) would survive and even thrive if its resource dependency is of a self-reliant type.

2.4   Organizational attributes and service delivery

In a democratic state the people give a mandate to the government to govern them, and, by the same token, the government is accountable to the citizens for its work in their name. This simple principle leads to complex institutional patterns in practice, which in turn have been subject of complex theoretical consideration.

Following their respective epistemological roots; three meta-theoretical domains, the politico-bureaucratic, and those of the market and of social capital may be seen as influencing public service provision at the institutional (macro), organizational (meso) and their relationship (micro) level.

In public service provision, the government interacts with two other sectors, social and private. This interaction induces theoretical hybridity such as political economy, social and the public value ethos. These theories underpin service provision relationships at the micro-level, and explain how organizations involved in service delivery can come together to work even within an adversarial institutional environment and under organizational conditions.

The advent of NPM in the 1980s, which overshadowed PA because of the latter's inherent constraints in addressing the contemporary challenges facing government, is now itself challenged by NPG. This is on the ground of its (NPM) disconnection from the network approach to public service delivery. Public service paradigms are shaped by external factors, as discussed earlier, and this could be observed during the economic and fiscal crises of the 1970s and 1980s.

Public service delivery has become an issue in which organizations from different sectors with different structures and philosophies must work together. This results in value contradictions in their relationships. These contradictions can be easily seen by examining the organizational attributes of each paradigm in terms of three elements, 'organizational form', 'relationship' and 'accountability mode' as shown in Table 4.

However, many scholars (Dean 1996, Dargie 1999, Minogue 2001; Osborne, S.P. 2010; Pollitt and Bouckaert 2011) believe that because of this contradiction, public service

provision forges a complementary relationship wherein organizations with diverse structures converge their strategic interests to achieve their respective objectives. However, although this complementarity may have brought about efficiency improvements in public service provision, it is still lacking in terms of the link between services and policymaking.

Table 4: Paradigm and organizational attributes

Paradigm	Organizational form	Relationship	Accountability mode	Theoretical domain	Value emphasis
Public Administration	Bureau, structure vertical	Hierarchy within	Within closed, bureaucracy to politicians	Political Science and Public policy*	Public values*
(New) Public Management	Management, structure horizontal	Formal contractual relationship	Managerial accountability but disconnected from policy regime and service users	Management*, public and rational choice*, Political Economy	Efficiency and competition* in public services
(New) Public Governance	Network (hybrid?)	Collaborative, social relationship	Open, mutual and shared but blurring, boundary crossing,	Institutional and Network*	Dispersed and contested* (Public values, market and social values)

* Osborne (2010) "Introduction" in Stephen P. Osborne (ed.) The New Public Governance? Emerging perspectives on the theory and practices of public governance, pp. 1-16, Routledge.

Osborne et al. (2012) argue that the current public management theory is not fit for purpose because, according to them (Osborne et al. 2012), it focuses on intra-organizational processes which are derived from the manufacturing sector, and management theory that ignores public services as 'service', while in reality it is an inter-organizational phenomenon.

Public service provision is a transacted relationship between two or more organizations. NPM recognizes this relationship from the management and market point of view. NPG advocates this relationship in a broader sense that is from a meta- and pluralist approach

that emphasizes networks, and a collaborative, cooperative and relational mode of relationship. The limitations of the assumptions underlying NPM have received much attention in the past, but those of NPG less so. The following review of themes arising from this research explores the application of some of these key assumptions due to organizational attributes in practice.

2.4.1 Governance and accountability

Governance features certain elements, but those commonly used are transparency, accountability, participation, inclusiveness and the rule of law (UNDP 1997, WGI-WB[34]). Through these governance elements, the government regulates any organizations (self regulatory and/or legal system regulated, explicitly or implicitly), be they private, public or social.

Governance features in public service delivery in two ways, internal (intra) and external (inter) forms. The intra-governance of public organizations (bureaucracy) is different from that of private (shareholder) and social (stakeholder) organizations. This has meant a different kind of accountability chain in each type of organization. That is, a bureaucracy is answerable to the politicians, and through them to the citizens; directors of a company are answerable to the board, shareholders and the customers; the board officials are answerable to members of associations and to their communities respectively.

In public service delivery, this intra-organizational accountability of each sectoral organization complicates inter-organizational accountability. For instance, voluntary associational social organizations operate in a relationship-based governance structure (mutual and shared responsibility) and process (trust, reciprocity), whereas the public organizations operate in a rigidly defined structure (hierarchy) in accordance with legal

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[34] Worldwide Governance Indicators – World Bank,
http://info.worldbank.org/governance/wgi/index.aspx#home

due process. Private organizations adjust their structure and process according to the market within the broader economic and fiscal environment.

Farneti et al. (2010) have proposed four types of governance models that public sector organizations may adopt each with associated risks. These models are: procedural governance, corporate governance, market governance and network governance. The associated risks are citizen sensitivity, market competition and switching cost. According to them, overall, procedural governance has low risk, followed by corporate governance with moderate risk, market governance with high risk, and network government bears very high risk. There could be many other risks such as financial, investment, operation, etc. that might affect this modelling. According to them (Farneti et al.) network governance would remain high in terms of governance risk because of the nature of relationship forged between the government and service providers. This indicates that public service provision through network is a highly risky endeavour.

Moreover, the pluralistic (inclusive) characteristic of network-based governance in service provision, with its emphasis on mutual accountability, conflicts with the need for an accountability chain via a formal hierarchy of authority to report, support, sanction, confirm and enforce the relationship between two or more organizations. The concept of joint or shared accountability in public service delivery with heterogeneous organizations in the real world seems yet to be theorized, although this concept is well deliberated in the homogeneous social sector especially in the literature of self-help community organizations. Even in homogeneous organizations, on an equal footing, some form of power relation exists and this provides the framework for accountability. The question arises whether this power asymmetry, that provides the basis of accountability, needs to be formal or informal.

2.4.2   Structure, hierarchy and accountability

In public service, the rules of engagement[35] for service delivery are set by the public organization, which is enabled to do so because of its legitimacy, and then accepted by other organizations, and accordingly the inter-organizational relationship is established. This transaction will not take place unless there is a purchaser and a provider, or a buyer and a seller, or a consumer and a supplier relationship. However, the relationship is paradoxical in the service delivery loop because of the multiple roles that the actors assume in the society. The public can be citizens or clients; the government and community organizations can assume the roles of purchasers, buyers, suppliers or consumers/users; and the private sector appear as providers, sellers or suppliers. Government, being a public institution, takes the ultimate responsibility for the service transaction that takes place between the government and third parties, but this relationship needs to be regulated to safeguard the interest of the public, which is done through a hierarchical structured relationship often called a formal (or less formal) contractual transactional relationship. A well-balanced formal contractual arrangement addresses all the possible transactional risks, not only by taking care of the interests of public organizations, but of course of the private and social organizations too.

The procurement environment (legal and policy) of a country decides whether the relationship should be very formal in legal terms, or less formal in relational terms, and accordingly decides the terms and conditions that define the nature of services to be delivered by the service provider in terms of quantity, quality, deliverables, schedule, cost, etc. In such a relationship, the service provider acts as an agent, while the government assumes the responsibility of being a principal. The services are transacted by a process, in which the agent performs and the principal pays as per agreed terms. The formalization of this relationship requires means of verification i.e. official (legal) documents processed

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[35] The institutional environment or meta-legal framework sets the general rules of engagement in public service arrangements, but within this meta-frame, public organizations work out in detail what kind of service delivery relationship can be developed with the service providers.

with authorities' endorsement. In addition to this, all these transactions should be conducted impartially (in open bidding for market competition) and in a transparent manner (at least an adequate number of the public should be aware of the transaction).

What this means is that public service transaction still attracts traditional public administrative bureau characteristics (Weber), although managerialism has increased its efficiency, and made the service delivery system result-oriented, and the governance network has improved the policy dialogue among stakeholders by making the process more participative. Where public accountability is concerned, some basic Weberian characteristics in public service still seem intact. This is because as long as public service is concerned with public value, bureaucracy provides the hierarchy, structure, and relational contents of accountability for public endorsement. Hierarchy is a necessary but not sufficient condition of accountability, but should be complemented by public involvement, as Paul (1992, p.1048) has argued:

> *"… public service accountability will be sustained only when the 'hierarchical control' (HC) over service providers is reinforced by the public's willingness…"*

Hierarchy also generates a requirement for accountability, as an unaccountable hierarchy presents risks of its own. As Hughes (2003, p. 237) has said:

> *"Some kind of accountability is needed whenever there are hierarchical relationships or a relationship between principals and agents…"*

However, these caveats regarding the risks or limitations of hierarchy do not mean that hierarchy is dispensable and that an adequate intensity of accountability could be maintained in the absence of hierarchy. Thus, while the network collaborative governance's challenge to the bureaucratic structure is partly justified, from the public governance point of view, so would be a challenge to New Public Governance from a

more traditional public accountability point of view. This raises the issue of whether a more balanced perspective might be attainable.

2.4.3 Bureaucracy, managerialism and network

Examining the role of accountability in the three service provision paradigms (PA, NPM and NPG) reveals that bureaucracy lodges accountability with bureaucrats and politicians, and managerialism premises accountability between public organization and service provider, or government and market; and network governance advocates shared accountability among the organizations involved in service provision. These paradigms have presented merits and demerits over time, varying as the wider context has evolved. NPG seems to be a holistic and institutional approach but lacks a clear accountability mechanism as to how this could be established in an inclusive network system, because it is more to be voluntarily observed than enforced, and thus far no available literature distinctly explains this.

It is difficult to establish reciprocity in accountability because accountability follows a linear route (Figure 6), so there will always be some person or body to whom it is ultimately due, whereas service delivery is cyclic (Figure 7) as the public demand services from the government, and the government in turn provides services through service providers (or by itself) to the public and this process continues in a cyclic order in public service provision.

This shows that service provision responsibility can be assigned to different organizations under different forms of relationships (partnership, cooperation, collaboration, co-production, and contractual modes) but accountability cannot be so assigned.

Figure 6: Linear accountability

Public   Government
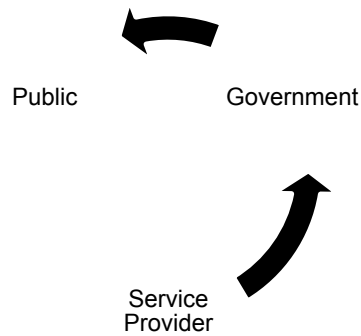
Service
Provider

Figure 7: Cyclic service delivery

Public   Government
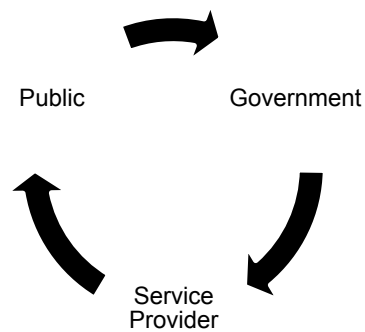
Service
Provider

Perhaps in modern society public services may contain the relevant ingredients of all these paradigms, and be presented as one whole package. Or, perhaps they just need to look at their provision from an integrated perspective. It may be argued that public service needs to be inclusive because of its very nature; it needs to be public not only at the organizational level between organizations, but at the policy formulation and implementation level too. There should be a collaborative approach to coordinate resources in order to maximize outputs, but at the same time, the service efficiency of the collaborative approach needs to be tested in the market to ensure public value. There is a

need for some sort of reporting and enforcement mechanism to regulate service transaction in the context of the divergent organizational interests of service providers (or partners) and public agencies, and this implies bureaucratic features such as formal structure and hierarchy for accountability. The study of public service may require a new school of thought that encompasses new ideas to generate a new paradigm, if not a new theory.

Hence, on the theoretical landscape of public services, if public governance is to undergo a paradigm shift, then it must include some of those ingredients of PA and NPM that support the idea of accountability both within and outside of organizations. This is because accountability anchors public value in public services. It is the spinal cord of public governance and democracy, and moreover, "representative democracy still needs the bureaucratic ethos" (Gay 2000, p. 146). The question is how one can make it more participative and inclusive in the service delivery chain without triggering 'tragedies of commons' but generating more value for money, and benefits for citizens.

2.4.4 Organization, accountability and relationship

However, in searching for a more balanced position one may note that collaboration and contractualism are not necessarily opposites. Isett and Provan (2005, p. 163) even confirmed that the "two types of relationships (trust base and contract) can readily exist side by side". Some scholars have begun to include NPM within a framework of governance by contractualism (Grundmann et al. 2015), thereby linking it with the network collaborative approach. This gives the impression that NPM can be extended to cover a broader scope of public service delivery approaches, even encompassing collaborative governance. However, the governance itself is very broad in meaning, and from the accountability perspective it could be counted as encompassing a whole spectrum of types of accountability from very formal to very informal.

The organizational relationship in service transaction is termed "messy", "boundary spanning and spinning", "blurring", "conflicting", "tensioning", "contradictory", and so on so forth by many scholars (Osborne, 2010, Billis 2010, O'Flynn and Wanna 2008, Mullins and Bovaird, 2012). This may prevent any straightforward approach, such as that of a smooth transition from NPM to NPG. Osborne, S.P. (2010, p. 413) argues that NPG will overcome the NPM issues by bridging the public policy with service delivery. According to him:

> *"… public governance is indeed a significant paradigm for contemporary public services delivery, embracing policy-making and a range of inter-organizational and network-based modes for public services delivery".*

However, this aspirational model is contestable on several issues, as Osborne, S.P. (2010) himself has argued the questions relating to the organizational architecture of the plural state: How can sustainable public service systems be established? What values will underpin public policy implementation and service delivery, and the skills required for relational performance, and what should be the nature of accountability in fragmented plural and pluralist systems?

Some scholars (Billis 2010, O'Flynn and Wanna 2008, Mullins and Bovaird, 2012) support his (Osborne's) argument, in particular for inter-organizational arrangement, by taking this from the third sector perspective within the broader framework of governance rather than the public sector perspective. Billis' (2010) hybrid organizations have an organizational equilibrium in public service delivery, but it is poorly explained how this equilibrium will be achieved. The proposed concept is still weak in addressing the ownership and accountability issues (Billis 2010, p. 250) of inter-organizational relationship (Cropper et al. 2010) in service provision. Even Pollitt and Bouckaert (2011), in advancing their concept of the Neo-Weberian state (NWS), cannot clearly explain how accountability in

the service delivery chain can be developed, despite their assessment of three models –
NPM, NPG, and the proposed NWS.

2.4.5   Organization: Agency and Social Capital Theory

The tension between different approaches to public service delivery may be attributed to
the opposing theoretical foundations on which they are based while applying in the
organizational context. The principal-agent framework of agency theory (Miller 2005,
Gailmard 2012, Baez 2011, Alchain and Demsets 1972, Eisenhardt 1988, 1989; Jensen
and Meckling 1976, Bahli and Rivard 2003) fundamentally conflicts with the social capital
theory (Bourdieu 1986, Coleman 1990, Putnam 1995, Carney 1998, Flora 1998, Ostrom
1998, Scoones 1998 and Uphoff 2000, Stephens et al. 2008) in terms of their
characteristic features. Trust and reciprocity, which are features of social capital theory,
imply less structure and hierarchy, which in turn provides less scope for the accountability
in public service provision required according to the principal-agency framework. As long
as public service is an inter-organizational transaction phenomenon, Agency Theory
continues to be an effective theoretical tool for transaction analysis.

However, NPG, which is rooted in the social capital and institutional theories that
advocate a pluralistic network approach underpins mutually shared accountability, seems
to be difficult to establish in a public governance framework, because, unlike tasks and
responsibilities, accountability cannot be shared with dilution. Some scholars (Romzek,
B.S. 2014; Romzek, B.; LeRoux, K.; Johnston, J.; Kempf, R.J. and Piatak, J.S. 2013;
Romzek and LeRoux 2012) advocate informal accountability in such relationships, which
is difficult to achieve in public organizations because both their internal system
(bureaucracy) and the external environment (constituency) of the public sector demand
greater accountability.

The dialectical interaction of these two theories has influenced the public service delivery approaches from two different perspectives (hierarchy and network), and the application of the idea of accountability features brings the differences between these into sharp relief.

2.5 Conclusion

This literature review shows that the provision of public services is multidimensional and complex. It attracts various theoretical approaches like PA, NPM and NPG and their inherited theoretical characteristics for interpretation such as managerialism, contractualism, collaborative network under different institutional domains i.e. politico administrative science, market economy, social capital, and political economy; and organizational conditions.

To understand further these theoretical approaches, the meaning of service delivery was explored from the sectoral inter-organizational perspective where the service delivery relationship and the accountability that constituted in such relationships were examined. The strategy and structure as organizational proponents to relationships were also explored. Finally, some critical understandings of the theories and their contradictory implications are discussed and left open for future discussion.

NPM, despite its heavy dominance in public affairs over the last 30 years is often criticized for its limited scope in the public sector domain because of its strong market orientation in pursuing efficiency in public service delivery. NPM's formal managerial accountability may appear to be inadequate to address the public and political accountability in public services. The application of NPM in community-oriented participation in public services appears unclear in the theoretical discourse regarding NPM.

The proposition of NPG as a more comprehensive paradigm of public services advocates greatly for the collaborative and network approach in service provision, although scholars are yet to confirm this approach as an effective one. The greatest challenge that comes to NPG is the danger of accountability deficiency where the collaboration, networking and relational approach structurally disconnect actors (public, private and social) in public service provision.

Public service provision through the TS, which in fact may be of either collaborative or business-like (contractual) relation, seems to be the most difficult one from the actors' point of view because of their (TSOs) wide range of institutional forms (purpose, roles, structure), and accordingly the nature of the relationships they maintain with the public organizations in service delivery is wide in variation.

Scholars have interchangeably used the term TS with variations to suit and support their arguments in terms of organizational form, their origin, objective, mission, ethos, functionality, resource generation, and relational approach with the public sector. Application of the six attributes (Shigetomi 2002, pp. 6 - 7; Salamon and Anheier 1994) to define the third sector as (i) non-governmental, (ii) non-profit-making, (iii) voluntary, (iv) solid and continuing form, (v) altruistic, and (vi) philanthropic give solid traits of TSOs, but in practice TSOs demonstrate various ranges and levels of these traits inconsistently in different socio-political and economic contexts of the regions, nations and sectors. These variations evidence that TSOs remain quite blurred in those areas that basically pertain to their service, voluntarism spirit and staff deployment, their resource dependency on external source, and more of their roles in working relationship with the government agencies.

In many ways, both NPG and TS theoretically share the same institutional values (social capital) like 'trust' and 'reciprocity' that inspire their relationship in service provision.

Therefore it is difficult to anchor clear-cut formal accountability in NPG and TS for service provision. Moreover, these characteristics of the TS could cause fuzzy accountability in public service provision which itself remains within the purview of their legitimacy, as how they derive their legitimacy as organizations is challenged (Niggli and Rothenbuhler 2003).

This relationship-oriented accountability (Osborne SP 2010, Pollitt and Bauckaert 2011, Bills 2010a, Romzek 2004, NEF 2008, Geddes 2012) can be fragile if trust becomes eroded. This can easily happen if the organizational value systems of the partners are not well aligned.

On the other hand, the scope of the collaborative approach in service delivery has been found widely interpreted as inclusive of contractualism, partnership (Montouri and Conti 1995, Bovaird (2004 p.210-11, Huxham and Macdonald 19920), cooperation (McQuaid 2010) and coordination, co-production (NEF 2008), and of course collaboration itself (Keast and Mandell 2013).

To sum up, public service provision is a transacted relationship between two or more organizations. Each of these relationships (formal hierarchical, contractual and collaborative) are derived from their own theoretical domains (political science and public policy, public and rational choice and political economy, and institutional and network), paradigms (PA, NPM and NPG), organizational forms (bureaucracy, management and network), accountability modes (closed bureaucratic, managerial and open shared), and value emphasis (public values, efficiency and economy, and contested value).

NPM emphasises this service delivery relationship from the management and market point of view while NPG advocates this relationship in a broader sense, from a meta- and pluralist approach that emphasizes networks, and a collaborative and cooperative mode

of relationship. However, these theory-driven approaches are contested in the arena of public services. Perhaps this contradiction; due to the organizational "fluidity", "complexity", and "blurring" boundary and relational "messiness" (Dean 1996, p. 233); the subject "public service delivery" have become the attraction of both scholars and practitioners as how to secure better public values in public service delivery, and also to why the subject that underpins all forms of capital (social, political and economic) mobilization for development and nation building process has become so alluring.

This literature review has set out an adequate theoretical background and understanding of the public service delivery. The three major elements - organizational forms (public, private, social), relationships (contractual, collaborative), and accountability mode (political, market; and inter- and intra-organization) in service transaction are used to define the accountability features that characterise the public service delivery transaction and the relationship behaviour of the sectoral organizations (refer Research Questions of this research). In this research, these accountability feastures are easessed in the service delivery transaction relationship among three actors i.e. District Development Committee (DDC), Water Users' Committee (WUC), and NGO service provider (SP), involved in the rural drinking water service provision of Nepal at the sub-national level.

It is believed that the findings derived from this research could help explain this complex public service transaction relationship in the context of Nepal, and make it easier to understand this country-specific case in the light of relevant public service experiences and practices around the world.

The next chapter sets the context of the country under study by discussing its historical background, and the evolution of the government and the drinking water sector of Nepal.

CHAPTER THREE

3.   Nepal: Background and Situation Analysis

Chapter 3 has two sections. The first section talks about the historical background of public administration and the evolving trend in governance and public management of Nepal. The second section discusses the drinking water service provision in Nepal, particularly giving emphasis to rural drinking water services.

3.1   Public Administration, Governance and Public Management

This section deals with the politico-administrative genealogy of Nepal, showing how the governing structure has evolved over the last sixty years, together with some relevant historical background beyond this period. Particular attention is paid to the recent administrative reforms, the decentralization process, governance initiatives, and finally the application of NPM-type reforms to public services in Nepal. The objective of this chapter is thus to give an account of the changes (or reforms) undergone in the Nepalese public service history and to set the background for public service delivery in the present context.

3.1.1   Public Administration as Political Discourse

3.1.1.1 Historical background (Pre 1950s)

As with any other country, the Nepalese governance and public administration system may be seen as reflecting the discourse of the political system (Berman 2011, UNPAN 1998) of that particular period. In Nepal, the public administration history starts with the Kirata dynasty (or Kirati or Kirat) (Poudel 1986), which established the state system in terms of the relationship between the central and local administration, military

organization, administrative and judicial affairs, taxation policy, and social and regulation affairs. After Kirata, the Lichhavi dynasty (first century AD to 880 AD) ruled the country, developing well-organized administrative systems, based on the foundation laid by the Kiratas. The Lichhavi era is considered a golden era from the socioeconomic point of view. A very systematic administrative system at the central and local levels was established. Various types of departments and offices were established; land administration, a currency system, weighing units, maintenance of law and order, justice, collection of revenue. However, this era also witnessed the entrenchment of the caste system in administration (Poudel 1986).

Introduction of the first legal and civil codes in 1606-1636 by King Ram Shah of Gorkha, establishment of the Audit Office (Kumari Chowk) in 1771 by King Prithivi Narayan Shah, the Foreign Relations Office (Munshi Khana) in 1825 by Prime Minister Bhimsen Thapa, Record Office (Kitab Khana) in 1848, Law Making Office (Ain Khana) in 1852, Corruption Control Office (Dharam Kachari) by Prime Minister Junga Bahadur Rana to Municipal Office in 1919 were some major administrative arrangements that were introduced prior to or during the Rana Regime in order to govern the Kingdom (Singh, H.L. 2007).

However, the evolution of governmental arrangements did not amount to wholesale modernisation. On the contrary "Nepal remained a medieval society until 1950" (Bista 1991). The Rana Regime (1847 to 1950) ruled this country for one hundred and seven years during which the Royal (Shah) family remained silent spectators (Bista 1991, p. 101). This oligarchical type of government system mainly protected the personal and family interests of the ruling Ranas through direct control of all military and administrative power. As a whole, the Rana Prime Ministers, as de facto rulers, ran the country's governing system, while the Kings were de jure heads only (Poudel 1989, p.10). Despite this fact, the Ranas established many basic administrative structures, which later served as the foundation for the modern public administration of the country.

3.1.1.2 Politics and Government (1950 to 1959)

Modern Nepalese administrative history starts with the promulgation of the first Interim Government Act by King Tribhuvan on 18 February 1951, after the ending of 107 years of Rana rule. In the eight years between 1950 and 1958, the government was changed eleven times[36] (Poudel 1989; Singh, H.L. 2007). The political aspirations of the people, as represented by major political parties during these periods, were in direct opposition to the old feudal governing system of the country. Despite this political uncertainty, certain reforms did take place in terms of modernising the administration by dismantling and transforming the old structures of government. Among the government institutions that were created in 1951 were the Administrative Secretariat at Singha Durbur, the Public Service Commission, the Office of the Comptroller General, the Office of the Auditor General and the Office of the Election Commission. The judiciary system was also further strengthened during this period. Throughout this period, Civil Service, Ministries and Departments had undergone a massive restructuring process as each new government kept changing their functional priorities (Singh, H.L. 2007).

During the period of 1951 to 1952, Nepal received considerable technical advisory support from India. Many of the administrative reforms mentioned earlier had been made through the Indian Advisory Services. Amid these reforms, the Nepal Administrative Reorganization Committee was formed (May to June, 1952). The recommendations of the Committee amounted to the imposition of the Indian administrative system and some of those recommendations were partially implemented. During the same time, Nepal had

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[36]   On 18 February 1951, Cabinet formed under Prime Minister Mohan Shumsher
     On 16 November 1951, Cabinet was formed under MP Koirala
     On 14 August 1952, Councillor's Regime was announced
     On 15 June 1953, Cabinet was formed again under MP Koirala
     On 18 February 1954, National Coalition Cabinet was formed under MP Koirala
     On 18 February 1955, then crown prince Mahendra Bir Bikram Shah started ruling
     On 14 April 1955, Council of Royal Advisors formed
     On 27 January 1956, Praja Parishad Government under Tanka Prasad Acharya
     On 26 July 1957, Dr. K I Singh from the United Democratic Party became the Prime Minister
     On 19 May 1959, the government under the prime ministership of BP Koirala
     On 15 May 1958, a caretaker government was formed headed by Subarna Shumsher of Nepali Congress

also sought the United States of America's (USA) support in the areas of development planning, training, in-village development planning, and agriculture technicians. Later, to these were added a request for providing expert services in the modernization of the administrative system (Poudel 1989). Figure 8 shows the timeline of Nepal's governmental reforms and plots the political discourses that influenced the institutional reforms in each period, such as decentralization, liberalization, governance and public management.

The emergence of two power centres, the Royal Palace (de facto) and the Government (de jure) in the early 1950s, led to frequent power clashes between the Royal Palace Secretariat and the government, such that it was not possible to establish a sustainable administrative system to govern the country. Poudel (1989, p. 66) characterises this period as "the evolution of a diarchy between the Royal Palace's Secretariat and the Government's Secretariat".

Crown Prince Mahendra became the king when his father Tribhuvan died on 13 May 1955. Mahendra formed the new government of Nepal on 27 January 1956 under Prime Minister Tanka Prasad Acharya of Nepal Praja Parishad (Poudel 1989, p. 77). The King set up the first formal Administrative Reorganization and Planning Commission (ARPC) under the chairmanship of the Prime Minister in July 1956. This commission basically worked in two areas, the establishment of the Institute of Public Administration (IPA) and the reorganization of Districts with the help of three foreign experts, two from India, H. Lal, ICS and B.G. Murdeswar, and one Hartving Nissen from the United Nations (Poudel 1989, p. 78)

Figure 8: Political discourse, plans and administration reforms
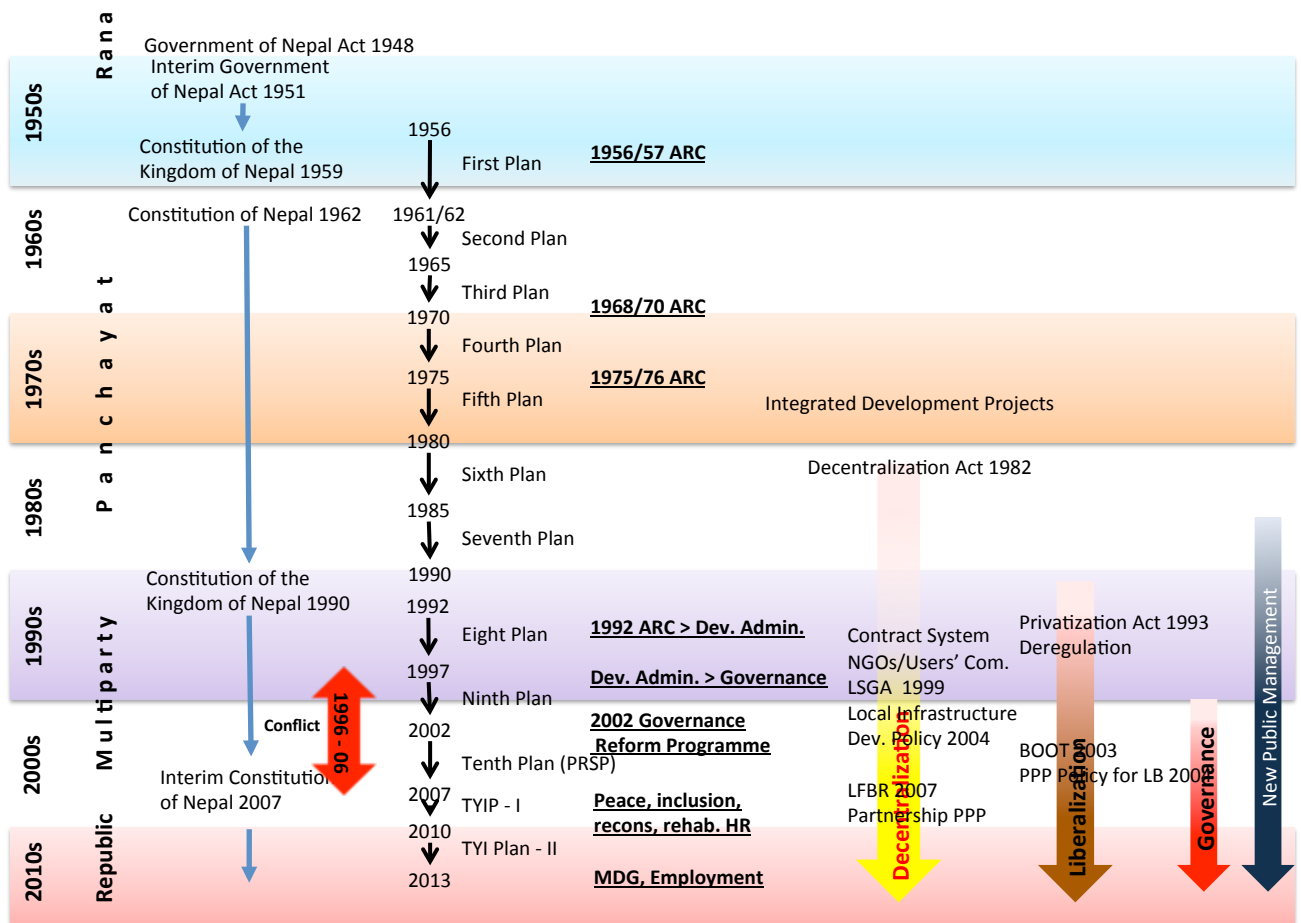
On 12 February 1959, the first Constitution of the Kingdom of Nepal 1959 was promulgated, succeeding the Interim Government Act 1951. Following the Constitution, on 18 February 1959, the first general election was held. On 27 May 1959, Nepal's first elected government was formed under the Prime Ministership of Biseshwor Prasad (B.P.) Koirala from the Nepalese Congress party (Singh, H.L. 2007; P. 156).

After less than two years, on 15 December 1960, King Mahendra dissolved both houses of parliament, seized power and jailed Prime Minister B. P. Koirala and his cabinet team. On 16 December 1962, King Mahendra introduced the unitary Panchayat political system, replacing the democratically elected government and dissolving the Constitution of 1959.

Many scholars and politicians perceived this as a 'royal coup' (Burghart 1994, p. 12). With this, the long history of the Panchayat system began, which remained almost thirty years in the political history of Nepal.

3.1.1.3 Panchayat and Feudocracy (1960 to 1989)

The inception of the Panchayat political system set the new course of government functioning in Nepal. The politico-administrative system of this period is also known by the term "feudocracy" (Agrawal 1973, 1980). Feudocracy is a system that mixes feudal social elements with a bureaucratic system of a government. In other words, the bureaucracy subscribed to feudal characteristics in its day-to-day affairs.

Two parallel structures were established, in which the Royal Palace had become the ultimate power centre of governance. The king started appointing the prime minister of the country. Despite having a unitary political system, the Panchayat system initiated many important political and administrative reforms, including the division of the country into 14 zones and 75 districts in 1962, and the establishment of the Administrative Training Centre and Public Administration Department. The Decentralization committee was formed in 1963 to strengthen the decentralization programme of the government, and the 'Go to the Villages' National Campaign was launched in 1967 to bridge the gaps between urban elites and rural poor (Singh, H.L. 2007). A New Civil Code was enacted (1964) and the Zonal Commissioner and Chief District Officer replaced the existing posts of Bada Hakim (Commissioner) and Magistrate via the enactment of the Local Administration Ordinance. The National Election Commission was constituted in 1966 and the second Administrative Reform Commission was formed. All these reform initiatives showed greater emphasis on the modernization of the government functionaries by strengthening the presence of the government administrative mechanism at the local level, and also encouraged local participation in development through decentralization.

King Mahendra died of a heart attack in 1972. His eldest son Birendra became king. King Birendra established the National Development Council in 1974, in which the National Planning Commission became the secretariat of the Council. Through this, he introduced the regional development concept by dividing the country into four development regions, and later into five in 1982, to bring balance in regional disparities. In 1975, King Birendra constituted the third Administrative Reform Commission. The Prevention of Abuse of Authority was established in 1977. In 1980, the Ministry of Local Development was established. The Administrative Management Department was upgraded to the Ministry of General Administration. In 1982, the Decentralization Act was passed, and in the same year the Nepal Administrative College was established. Similarly, the Nepal Law Reform Commission was constituted in 1984. During the later stage of this period, the government attempted to improve the civil service system, and at the same time, it moved from a traditional public administration to development administration (Bhatta 2009) by making the government functionaries more development-oriented.

Amid massive public protest against the Panchayat system, on 8 April 1990, King Birendra restored the multiparty democratic political system and the thirty years old Panchayat system came to an end. An interim government of transition was formed under the Prime Ministership of Krishna Prasad Bhattarai of the Nepali Congress. In the same year, the new constitution of the Kingdom of Nepal was promulgated which brought the multiparty democratic system under the constitutional monarchy.

Throughout this period, the government brought in substantial structural changes in its functioning; despite this the Panchayat system failed to continue. Non-pluralistic, non-inclusive, and undemocratic characteristics of the polity could be the reasons for this, but at the government level, it is more that the prevailing of feudocracy continued to promote

patrimonial, feudal, oligarchic systems which influenced the polity, the bureaucracy, the economy and the army of the country (Baral 2000).

3.1.1.4 Liberalism, Democracy, and Conflict (1990 to 1999)

The liberal policy drive in the government system gained pace during the 1990s, although some reform agendas had already emerged in the latter part of the 1980s. External pressure (IMF, donors) and internal political dynamics forced the government to bring about several changes in the country' economic and governance systems. Changes enacted included the Industrial Policy of 1992, the Industrial Enterprise Act 1992, and the Foreign Investment and Technology Transfer Act 1992, which made the country more open to private sector participation in health, telecommunications, education, energy and transportation, and at the same time initiated downsizing and redundancy in the civil service, and privatization or selling off of public enterprises began.

Despite these reform measures, during this period, the Communist Party of Nepal Maoist) began a violent insurgency in more than 50 of the country's total of 75 districts in February 1996. About 13,000 police, civilians, and insurgents were killed in the conflict (OHCHR 2012).

On the political front, under the constitutional monarchy system (1991), the political parties agreed to give limited power to the king, including the right to declare a state of emergency in the event of war or armed revolt, but only with the advice and consent of the Council of Ministers that must be approved by a two-thirds majority of the lower house of the Parliament.

Girija Prasad Koirala became the second democratically elected prime minister in 1991. He could not complete his five-year term because he was defeated in a no-confidence

motion in the House in 1994. After this, a new election was held, and the communist government was formed. However, even this government was dissolved in 1995 and Sher Bahadur Deuba of Nepal Congress became prime minister. By this time, the Nepal Communist Party (Maoist) movement had begun to establish Nepal as a People's Republic. In 1997, The Deuba government could not get the vote of confidence in parliament, and Girija Prasad Koirala of the same Nepali Congress party later succeeded him again. All this meant changes of the government nine times in ten years, creating a politically volatile and administratively chaotic situation.

3.1.1.5 Conflict and Post-conflict (2000 to 2010)

The decade from 2000 to 2009 witnessed a very turbulent period in Nepalese history. Apart from the internal conflict, a Royal massacre took place on the 1st of June 2001 in which King Birendra was killed along with his family and other royal family members. King Birendra's surviving brother Gyanendra was proclaimed king.

The functioning of the government was almost paralyzed by the conflict in the early years of the decade and remained very unstable throughout the period. The Prime Ministership changed frequently, more than seven times between 2000 and 2006. Until 2006 the priorities of the government were peace negotiation, settlement of internally displaced people and Maoist cadres, and to bring the Maoists into the main political stream. However this process was challenged by the King's intention to regain power on two occasions. In May 2006, the Parliament voted unanimously to curtail the king's political powers. Finally in November 2006, a peace accord was signed between the government and Maoists that ended the ten years of Maoist insurgency.

During this period, the conflict had severely affected the functioning of local government in many districts. This was partly because of the absence of locally elected officials, since

local elections could not be held from 2002. By this time, the donors' priorities were shifted from development to humanitarian aid, to conflict, and then to peace building (UNRHC 2011, NPC 2007).

In April 2008, the Maoist party secured the largest number of seats in the Constituent Assembly election, but failed to achieve an absolute majority. Nepal was declared a republic on 28 May 2008 and the King ceased to be the head of state. Ram Baran Yadav became the first president of Nepal on 21 July 2008. On 15 August 2008, the Constituent Assembly elected Maoist Chairman Pushpa Kamal Dahal as the first Prime Minister of the Federal Democratic Republic of Nepal, only for him to resign a few months later over the dismissal of Nepal's army chief. Although the Maoist party was mainstreamed into national politics, disputes over power to govern the nation continued. Eventually, after Pushpa Kamal Dahal, Madhav Kumar Nepal of UML (United Marxist Leninist) became the second prime minister (May 2009 to February 2011) of the Republic of Nepal.

3.1.1.6 Republic in transition (2010 to present)

The chairman of his own party, Jhala Nath Khanal (February 2011 to August 2011), replaced Prime Minister Madhav Kumar Nepal, but this was for a short period only. Baburam Bhattarai (August 2011 to March 2013), who was the senior leader of the Maoist party, then succeeded Khanal. The government had changed four times in less than five years. Although the priority during this period had been to draft the constitution of Nepal and to take the peace process to a logical conclusion, some relief and reconstruction programmes were also begun in the rural areas where the conflict had destroyed public infrastructure.

The political system changed, becoming more inclusive, but the government (and governance) structures and the public service delivery pattern did not change much. All

the governments formed after 2006 more or less followed the status quo service delivery structure. The major political parties failed to reach a consensus on major issues such as the federal structure and governing system of the country, and this eventually led to the dissolution of the first Constituent Assembly on 28 May 2012. Amid political uncertainty, the Chief Justice of the Supreme Court, Mr Khil Raj Regmi became the head of a caretaker government from March 2013 to February 2014. This nominated government successfully held the second Constituent Assembly election on 19 November 2013. The Nepalese Congress secured the highest number of seats, but not the majority required to form a government on its own. Therefore, with the support of the second largest party, United Marxist Leninist (UML), in the Constituent Assembly, Sushil Koirala of Nepalese Congress party became the prime minister of Nepal in February 2014.

To summarise, the government was more or less stable during the Panchayat system (1960 to 1989) but the polity was unitary, autocratic, centralised and controlled by the King. From 1990, under the democratic constitutional monarchy, the political system became pluralistic and multi-party in character. However, the governance and economic reform initiatives started during this period did not have time to impact on the poor or reduce poverty in general, and the country's internal conflict diluted all these efforts from the mid 1990s. The political landscape of the country was completely altered after the 2000s when the focus was on conflict resolution, the peace process, and the drafting of the new constitution under the new political system.

Throughout this period, especially from the 1990s onwards, the make-up of the government changed frequently before, during and after the conflict. During the constitutional monarchy system (1990 to 2008), the prime ministers were changed 14 times (in between, the King took power twice, 2002 and 2005). This trend continued after the country became the Federal Democratic Republic Nation (2008 to present), in which period the prime ministers were changed seven times. In such a situation, it was difficult

to make a government structure responsive where the governing mechanism itself was crippled, demoralized, and staff over-politicized, and accountability distorted[37].

Since the conflict ended in a negotiated settlement between political parties, instead of going through a full-fledged revolution, this has meant an incremental change in government functioning rather than an overhaul of the system as a whole. Thus the current system of public administration in Nepal did not rise from the ashes of the past, but was built on the existing foundation that was laid by previous systems.

3.1.2 Administrative Reforms

Since the abolition of the oligarchy of Rana's regime in 1951, the country has passed through sixty years of different political systems; from democracy to Panchayat to constitutional monarchical multi-party and finally to a democratic republic system. Moving from a feudal to a modern administrative system in order to support each change of political system was not easy for Nepal, especially given the strength of bureaucratic inertia to resist the changes. Throughout this period, successive governments made repeated efforts to strengthen the public administration of the country through commissioning Administrative Reform Commissions as the by-products of different political outcomes (Poudel 1989, p. 235). The four major reform initiatives, through constituting the Administrative Reform Commissions[38], are considered milestones in the administrative history of Nepal. Each reform had been able to make some impact on the functioning of the civil service system of the country, but failed to address the perceived need to make the bureaucracy as a whole more oriented to serving the public. This is perhaps a common phenomenon given the high failure rate of administrative reforms in both developing and developed countries (Polidano 1999).

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[37] A party line cadre office assistant in the departments or ministries can get senior officers in the bureaucracy transferred through the party's pressure.

[38] Acharya's Administrative Reform Commission (1956), Jha's Administrative Reform Commission, (1968), Thapa's Administrative Reform Commission (1075), and Koirala's Administrative Reform Commission (1992).

A Nepalese development administration scholar, Bhim Dev Bhatta (2009, pp.132 to 133) has argued that failure to implement the recommendations made by the Administrative Reform Commissions during different times derived from a lack of mature, experienced politicians, the colonial legacy, weak implementation of policies, high expectations of civil servants and lack of government commitment (political will), lack of resources, political interference, and finally external pressures.

Another Nepalese scholar-cum-practitioner G. B. N. Pradhan (2007) has expressed a slightly different view of the difficulties attending the implementation of the administrative reforms. He sees the problems of implementation as more operational than institutional or systemic. According to him, the key failings were lack of awareness and concern among the people about the administration, people's apathy towards public/government affairs, corruption, routine-bound practice, the vagueness of proposals for reforms, poor realization of the institutional capacity of public service, and of the link to the administrative needs to civil society, failure to balance the concept of ability to pay with a living wage, and poor vision of political and bureaucratic leadership regarding administrative reforms.

Poudel (1989), who studied the administrative reforms of the country thoroughly confirmed that the Administrative Reform Commissions constituted were ad hoc in nature, in order to meet the immediate crisis rather than looking for long term changes. According to him:

> *"… the administrative machinery of the country continues to suffer from all kinds of bureaucratic evils. The decision-making process is slow, the attitude of bureaucrats is power- and status-oriented, the organizational atmosphere is characterized by nepotism and favouritism, the Chakari (undue personal service to the boss) and Chaplusi (flattery) system still persists, a hiatus between norms and practices still exists, and there is also a tendency of self-*

service among bureaucrats. Buck-passing is a common practice, corruption has become all-pervasive, waste of resources is a common phenomenon and the country's economic development plans have been a failure." Poudel *(1989, p. 236)*

Poudel (1989) concludes a discussion of the poor implementation of administrative reforms by saying that the existence of two secretariats, one at the Singhadurbar (Government) and another at the Royal Palace, has caused the civil servants to place greater faith and loyalty with the senior functionaries of the Palace Secretariat than the Government Secretariat. The noted Nepalese development anthropologist, Dor Bahadur Bista (1991, p. 112), further extends this notion by saying: "… formally, these (palace) secretaries had no power. Informally, these secretaries were more powerful than the civil secretaries and the ministers…"

The initiatives taken from 1951 to 1990 to establish modern public administration institutions suffered from many shortcomings, which may be seen as deriving directly from the politico-administrative culture of the country. Bista (1991, p.112) blamed what he referred to as the 'paternal ruling' system, while Agrawal (1980) referred to 'feudocracy' and Poudel (1986) to 'bureau-pathology'. Taking all this into account, the Nepalese politico-administrative system has suffered from the 'public choice syndrome' and the 'rent seeking behaviour' of the royals, politicians and bureaucrats. This type of generic situation of public administration in developing countries was well described in the "Prismatic Society" by F. W. Riggs (1964). He proposed the "SALA" model, in which personal and family decisions influence formal administrative decisions because the government structures and functions are not well diffracted (that is, differentiated in specialised forms) like in developed countries.

However, from 1990 onwards, after the restoration of the multiparty democratic system under the constitutional monarchy, the new course of state functioning was initiated by

embracing many reform initiatives. Donors were generous enough to extend their support during the administrative reforms of the country. Many of these initiatives were historic on the decentralization, liberalization, and governance improvement fronts, but again failed to deliver the outcomes as expected (Panday 2009). Madhu Nidhi Tiwari (Tiwari 2009) concludes this by saying that this was caused by the unstable political situation, frequent changes of government, the Maoist insurgency (which had affected the functioning of the civil service by barring, threatening, and extorting civil servants in their service location), politicization of the civil service, and the weak leadership of the Ministry of General Administration. To which may be added the lack of political will, bureaucratic resistance, misconceptions about the role of the civil service, inter-hierarchical rivalry between those at the same level and between the gazetted and non-gazetted levels of the bureaucracy, all of which, according to Shakya (2009) have caused the administrative reforms and public service delivery to fail.

These problematic reform measures, and delayed reforms in the civil service, had both direct and indirect bearing on the functioning of the government. The government could not embrace the changes fully, particularly the new public management features such as liberalization, and market-oriented and performance-based service delivery. More will be discussed below under the decentralization, governance, and new public management headings.

3.1.3   Decentralization

Decentralization[39] has a long history in Nepal. As Madhav Poudel (Poudel 1986, p. 111) states "The genesis behind the spirit of decentralization in Nepal starts from the Kirat (or

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[39]   A joint UNDP – Government of Germany Evaluation of the UNDP Role in Decentralization and Local Governance came up with a sampling of the definitions of 'Decentralization'. According to them the meaning of decentralization is non-exhaustive. It is "different things to different people and it is primarily a function of the application". In a nutshell "Decentralization, or decentralizing governance, refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, …Decentralization could also be expected to contribute to key elements of good governance, such as

Kirata) period which lasted until the first century A. D.". In 1769, after the unification of the country, Prithivi Narayan Shah initiated a centralised governing system which was maintained until the Rana regime in 1951. After the downfall of Rana's hegemony, the process of decentralization began again. Particularly from 1959 onwards, the country's administrative system became more development-oriented, but centrally controlled (Bhatta 1990). Several structural reforms took place during the various plan periods[40] for the purpose of this development.

Under the Fifth National Plan (NPC 1975), the country adopted an integrated rural development approach, whereby development projects were initiated with donor support. But this failed mainly due to the poor coordination between the project management and the central institutions (department and ministries) in the project implementation (NPC 1985). After the enactment of the Decentralization Act 1982 and the Decentralization Regulation 1984, the government placed emphasis on the local level annual and periodic planning, and the use of users' committees in service provision (NPC 1980). Despite having the Decentralization Act and Regulations in place, the local developmental initiatives did not take place as was envisioned in the Sixth Plan (NPC 1980) and the Seventh Plan (NPC 1985). The Seventh Plan had emphasized self-reliant, small farmer development, production, and productivity improvement; and the creation of employment opportunity in rural village areas.

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increasing people's opportunities for participation in economic, social and political decisions; assisting in developing people's capacities; and enhancing government responsiveness, transparency and accountability." And it (decentralization) is "a mixture of administrative, fiscal and political functions and relationships" (UNDP 1999). Decentralization can be of 'deconcentration', 'delegation', 'devolution' and 'divestment' (Rondinelli, Chemma, 1983; UNDP 1999)

[40] In 1959, His Majesty's Government had constituted the District Development Board. In 1961, District Panchayat Offices were established in all districts. In 1962, Nepal was divided into 14 zones and 75 districts. In 1963, the Decentralization Committee was formed under Bishwabandhu Thapa. In 1973, the New District Development Plan was formulated and brought into operation in 1974; during the same year the country was divided into four development regions. In 1974, the New District Administration Plan was implemented. In 1982, the Decentralization Act was passed, and in the same year a further development region was established, thus totalling five development regions in the country. In 1999, the Local Self-governance Act was promulgated.

Following the political changes of 1990, and the promulgation of the new constitution in 1992, the Eighth Plan was launched (NPC 1992). The new government enacted enabling acts for local bodies. This signalled the departure of national policies and priorities from the traditional functioning of the government over the last thirty years under the Panchayat system (1961 to 1991). To manage their affairs by themselves, more autonomy was devolved to the districts, municipalities and villages; for instance, formulation of local plans and their implementation, collection of local taxes, recruitment of staff, and various development related activities. During this plan period, local development became the main development thrust of the government, in connection with which Nepal received substantial funding support from the donor community. A high level Decentralization Coordination Committee was formed in 1996 under the chairmanship of the Prime Minister to emphasise the government's strong commitment to decentralization which later recommended the Local Self-governance Act 1999 for approval.

At the national level, the government changed national policies, strategies, and programmes and reformed the civil service in order to comply with the liberalization agenda of the structural adjustment programme. Many state-owned enterprises were privatized, trading and business licenses relaxed, company registration simplified, foreign investments attracted, and various sectors, such as health, communications, civil aviation, education, hydroelectricity, and the financial market were opened for private sector participation.

The Ninth Plan (NPC 1997) was politically volatile. Maoist insurgency[41] was gaining momentum, while the government was struggling to keep control of state affairs. Under mounting pressure from the local bodies' associations[42] (Dhungel et al. 2011, p. 163), the government had enacted the Local Self-governance Act (LSGA) 1999 and the Local Self-

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[41] The Maoist insurgency was started in 1995 and ended in 2005.
[42] National Village Development Committees in Nepal (NAVIN), Municipal Association of Nepal (MuAN), Association of District Development Committees of Nepal (ADDCN)

governance Rules 1999 in the same year. These measures, which continued during the absence of the elected representatives (Dhungel et al. 2011), had conferred more political, functional, financial, and administrative power on local bodies. Some sectoral devolution was also made to the local government in some sectors.

In the latter part of 1990s, the Decentralization Implementation Plan (DIP) was prepared and approved by the government. Again, a high level Decentralization Implementation Monitoring Committee (DIMC) was formed under the chairmanship of the prime minister to oversee the implementation of decentralization activities. The Local Bodies Fiscal Commission was set up to streamline the revenue and expenditure assignments of the local bodies. Massive capacity building and planning programmes for the District Development Committees and Municipalities were implemented with the support of UNDP, GTZ, Danida and other donor agencies. Despite the government's efforts to reduce poverty through rural development during the Ninth Plan, resource constraints, poor institutional capacity, lack of accountability and the delayed transfer of functional responsibility had all adversely affected the implementation of the decentralization programmes of the Plan (NPC 2002).

However, once again, there was a perception the failure had deeper roots. Devendra Raj Panday (Panday 2009) a highly respected scholar, bureaucrat and politician saw the failure of decentralization as caused by the delinquent characteristics of the country's socio-politico-administrative culture:

> *"This problem (decentralization) is related to the cultural structures of the country where the feudal traditions, and the patronage system accompanying our democracy, conspire to monopolize the control over political resources, including those that are available in the name of development, at the hands of the groups comprising the dominant coalition, These resources are used and absorbed for the benefit of the elite at the centre as well as the districts to perpetuate the status quo". Panday (2009, pp. 117-118)*

By the time of the Tenth Plan (NPC 2002) the political situation had become very violent and the government had lost its control over the functioning of many local government bodies in the rural areas. Maoists were running parallel governments in 25 out of 75 districts of the country (Sharma, S. 2003). The situation became even worse when the government did not hold local elections that were due in July 2002. Many believed that this had further helped Maoists to expand their physical and ideological coverage in the later years in the absence of local leaderships to run the local development activities to counter Maoist proliferation.

The Tenth Plan itself was the Poverty Reduction Strategy Plan (PRSP), which was seen by some as reflecting neoliberal thinking (Sharma, G.P. 2011). The Tenth Plan sought to link poverty reduction with decentralization and governance (in the contemporary participatory sense of governance rather than government).

Despite the adverse political situation, the country made some notable progress towards strengthening local government, through measures such as the Local Infrastructure Development Policy and the Local Level Partnership Promotion Policy, amendment of LSGA (1999), and the formation of the Local Level Revenue Advisory Committee to make improvements in revenue administration of local government. The involvement of NGOs in local development was further promoted by the NGO mobilization policy. The country's devolution strategy was prepared for the effective implementation of the LSGA. Furthering the Decentralization Implementation Plan (DIP) from 2001/02 onwards, devolution was tested in three sectors; namely, the agriculture extension and livestock service, primary education, and basic health services through local bodies.

In the financial year 2002/03, the government approved the Local Infrastructure Development Policy, affecting seven sectors (rural roads, suspension bridges, small irrigation, community water supply and sanitation, micro hydro, rural building and social

infrastructure) that had been devolved to, and implemented through, local bodies. Most of these sectoral local development activities were triggered to address local needs, but their implementations were disrupted by the conflict, especially in the mid-far-western region during 2000 to 2005. As a result, the legal, policy and programme frameworks approved by the government to empower the local bodies virtually remained dormant because there were hardly any local bodies in rural areas that were untouched by the conflict.

However, the Tenth Plan could be considered a success in terms of implanting the government's policies for the localization of public service provision through Users' Committees, NGOs and the private sector[43], and initiating structural changes in local bodies in order to carry out local infrastructure projects in the districts[44].

Without differing from the basic development polices and strategies of the Tenth Plan for non-state service providers (NGOs, CBOs and private sectors), the Eleventh Plan, which was a Three-Year Interim Plan (TYIP-I) (2007 – 2010) (NPC, 2007) further enhanced the role of the private sector and social sector, as well as devolving more operational power to local government. To make the latter more responsive to local demands, and to make them more professional and competitive institutions, a 'Minimum Conditions and Performance Measurement (MCPM)[45] Framework' was introduced for the central grant allocations. The involvement of stakeholders in planning, implementation, supervision, and evaluation of the local projects were ensured. Although local government was criticized for the misuse of funds, significant achievements were recorded in the rural areas (DoLIDAR 2011).

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[43] National Development Forum 2004, the Government of Nepal, Service Delivery System in Nepal; www.ndf 2004.gov.np/pdf/proceedings/service.pdf, accessed on 21 August 2013.

[44] District Development Committees' technical capacity was built by establishing the District Technical Offices in all 75 districts after the introduction of the Local Infrastructure Development Policy 2061 (≈2004).

[45] For more details on 'Minimum Conditions and Performance Measurement' (MCPM) refer http://www.mofald.gov.np/userfiles/docs_100.pdf, accessed on 18 September 2013.

Successful implementation of the rural development projects during the post-conflict period owed much to the cessation of the conflict, the beginning of the peace process and the drafting of the new constitution of the country. Overall, TYIP-I formally recognized local level public service delivery and the development works of local government as one of the main policies for national development.

The Twelfth Plan, which was also a Three-Year Interim Plan II (2010 to 2013) (NPC, 2010), strategically paved the way for a new local government structure based on the envisioned inclusive federal structure of the republic. It further emphasized the need to make government, NGOs, CBOs, users' committees and stakeholders accountable in the implementation of programmes at the local level, by clarifying their roles.

Decentralized government in Nepal has undergone several changes over the last sixty years[46], from merely a local entity during the Panchayat system, to planning and development vehicles in the transitional multi-party system, to service delivery institutions at the present time. Despite this long history, decentralization could not be materialized in a true sense as conceived in the form of local self-governance. The spirit of decentralization has often been more honoured in government policy statements than in terms of devolving adequate powers or building the capacity of local government to become self-reliant (Dhungel et al. 2011, pp. 19 – 20).

During the Panchayat time, the paternalistic, patrimonial (Baral 2000, Dahal et al. 2001, Bista 1991), and unitary centralized system (Bienen et al. 1990) did not allow the decentralized governing system to become institutionalized. The frequent change in government[47] during the multi-party system and the conflict in the later years (1990s to 2000s) (Hesselbarth 2007) disturbed the development process (GoN and UN 2013)

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[46] From 1962 after the establishment of Panchayat system
[47] In fifteen years, the government was changed fifteen times (1990 to 2005).

despite there being the most conducive policies and legal frameworks for decentralization. In the post-conflict situation, 2005 onwards, the local governments are fully entrusted to implement the development programmes with greater responsibility and mandates – but without locally elected representatives, since 2002. Since then the staff deputed from the central government have been running local governments. This has totally distorted grassroots downward constituency accountability.

Two studies carried out by ADDCN (2002) and DASU (2003) explained that the poor performance of devolution in the country is due to the service provision breakdown between the governments (central government and district governments) and the service providers. The study, commissioned by DASU, focused on the three devolved sectors of health, education and agriculture, and revealed a number of problems including poor coordination for devolution, misunderstanding of roles in the devolution process, absence of political representation at the local government level, and other institutional issues such as limited human resources, unclear mandates (e.g. the mixing of executive authority with management authority), and finally the lack of a clear demarcation of tasks, i.e. responsibilities and authority between the various actors involved in service delivery (Rai 2009).

The failure of decentralization to deliver the expected outcomes lies perhaps not only with the lack of political commitment, will (RDF 2004) and ownership (Dahal, 2005), and the prevailing feudocratic behaviour in the Nepalese social, political and administrative culture, but is also due to the ill-construed structural reforms at the organizational and management level.

Hence, despite having a very conducive policy environment (National Plans, NPC; LSGA), decentralization in Nepal has suffered due to organizational limitations (Bienen et al. 1990, Gurung 2011, ADDCN 2012) and the lack of readiness to implement

decentralization as a real service delivery vehicle (WB 2014). Among many, two issues in particular – transparency and accountability (Baral 2000) – have emerged prominently in public service delivery discourse from the early 2000s.

3.1.4   Governance

The genesis of the governance (or good governance) reforms in Nepal can be formally recorded from the mid-1990s, when the government launched its Ninth Plan (NPC 1997). The government acknowledged in the Ninth Plan that due to poor governance there was a persisting problem, resulting in inefficiency in the utilization and leakage of public resources, despite having good public accountability mechanisms[48].

By the Tenth Plan (NPC 2002), Civil Service reforms dominated the governance agenda and efforts were made to make the government the 'right size', to reduce the growth of financial administrative overheads in order to make the civil service efficient, accountable and transparent, and to strengthen the institutional capacity of government to combat corruption.

Corruption control, accountability and transparency may have been the main themes of governance improvement, but on-going conflict overshadowed these efforts. The situation compelled a change of course of governance reforms in the direction of inclusiveness, participation and representation of the interests of Dalits, Adibasi Janajati, Madhesis, Muslims, labourers, peasants, and people with disabilities, disadvantaged groups and regions. Henceforth, the element of 'equity' was to be an integral part of the governance reform policy. Some efforts to expedite service delivery at both central and local levels were also made by the application of the Civil Code of Conduct and the Citizen's Charter

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[48]   This mechanism refers to the institutional mechanisms for public accountability that are Public Accounts Committee (PAC), Auditor General's Office (AGO), Financial Comptroller General's Office (FCGO), Commission for Investigation of Abuse of Authority (CIAA).

to promote service users' welfare through participation, transparency and accountability (NPC 2002).

After the signing of the comprehensive peace accord in 2006 by the Maoists and the government, a massive task for reconstruction and rehabilitation in the rural areas started. Ensuring human rights became another major issue to be dealt with by the new government under both national and international pressure. To address these issues, the government integrated its good governance policy with the peace process in the Three Year Interim Plan–I (NPC 2007). To suit the changed context, the government embarked on a programme of legislative reform, of which The Good Governance Act 2064 (GGA 2008) is one of the results. To some extent, this act is a milestone in public service delivery. It encompasses all level authorities from the ministerial, to departmental heads, to the person in-charge in the delivery of public services at the local level.

Salient features of the Good Governance Act 2064 (2008) in brief include the following:

The Act ensures that while executing administrative functions, the basis adopted should be in the greater interest of the nation and people; equity and inclusiveness; the rule of law; the guarantee of the human rights; transparency, accountability and honesty; economic (financial) discipline, corruption-free lean (smart) and people-oriented administration; impartiality and neutrality of the administrative mechanism; access for people to the administrative mechanism and its decisions; decentralization and devolution of powers; and popular participation and optimum utilization of local resources.

The Act clearly specifies the responsibility of the minister, chief secretary, secretary, the head of the department, and chief office holder. It clarifies the procedures to be undertaken while carrying out administrative functions, such as that decisions are to be made within a certain time; by maintaining transparency; providing the basis for a decision

and the reason behind it; and avoiding conflicts of interest. For service provision, performance contracts can be made after consultation with civil society or stakeholders. It further laid down that responsibility cannot be evaded, or power be delegated, and that officials shall comply with the code of conduct.

Furthermore, the Act persuades the responsible authorities to maintain the citizen's charter, provision of a mobile service to access the users, the authority to fix service fees reasonably, public participation and ownership, the establishment of the governance reform unit, public hearings, and grievance management. It also makes provision to appoint the advisor in seeking expertise in the relevant subject areas, use of information technology, the establishment of monitoring and supervision committees for effective service delivery, setting of work performance indicators. It makes it clear that all constitutional bodies, local bodies, regulatory bodies, and public corporations shall abide with the major provisions[49] made under this Act.

When the second Three Year Interim Plan - II (NPC 2010) was publicly released, the government had framed an integrated policy by bringing all three major aspects of public services, i.e. decentralization, governance and local development, into one. The aim was to lay the groundwork for a new federalist governance structure by making the local bodies more powerful in local development, and to achieve a greater involvement of civil society, NGOs, users' committees and the private sector in development (OPMCO 2014, NPC 2010).

Although this Good Governance Act has created the possibility of improving services through governance initiatives within the civil service system, it does not provide for how public agencies should get involved in public service provision, as for example how they

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[49] The provisions in the Good Governance Act 2064 (2008) are provided in Section 6, 7, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 28 and 30.

should engage other stakeholders, partners and service providers in service delivery. This inter-organizational issue in service provision is partly addressed through other regulatory frameworks - LSGA 1999, LBFAR 2007, Public Procurement Act 2007, PPP Policy 2008 (MoFALD) [50] - and in the policy statement of TYIP (NPC 2010) on governance improvements for service delivery, but in reality it remains challenged and inadequately attended to at the local government operational level.

The World Bank Report (WB 2014) on "Local Service Delivery in Nepal" tried to touch upon this issue at the local level from the organizational and management perspective. The report clearly stated that service provision suffered from many problems, such as the frequent transfer of deputed civil servants, lack of coordination between the government agencies, a planning process dominated by local politics rather than technical analysis, and lack of linkage between the local and national plans. It said that the financial reports are fragmented, that no sector-wise financial reporting exists, the existing budgeting and reporting system limits accountability, and that the public trust in local government ranges from moderate to low. The report (WB 2014, p. 25) greatly highlighted that the "User Committees are the primary vehicle for carrying out local body (local government) funded projects" but that only 20% of people believe that they are responsible for the quality of works (local roads). This indicates that the local government service delivery is organizationally constrained, with limited managerial understanding of how to get other non-state actors, NGOs and private organizations engaged in service delivery, despite the fact that existing regulatory frameworks do not prohibit them to do so.

3.1.5 New Public Management

Frequent changes in the political system and the government have long prevented the establishment of a strong administrative foundation for the country. Initiatives such as the

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[50] Public Private Partnership Policy 2060 (2008), for local government; for detail refer to the website of the Ministry of Federal Affairs and Local Development, Nepal, http://mofald.gov.np/userfiles/docs_33.pdf

"Administrative Reform Commissions" established at different times (1956, 1968, 1975, and 1992) have had a certain impact on the functioning of the government, but could not help much to improve the service delivery system of the country, where corruption was rampant. Despite this, civil service capacity was strengthened through administrative procedures and training facilities (Poudel 1989, pp. 63 - 65). However, this was offset by the downsizing of the civil service after 1992 (Pradhan 2007, pp. 4 - 7).

The Nepal Administrative Staff College (a government subsidary), the Administrative Training Centre (Government)[51], the Public Administration Campus (of the government subsidiary Tribhuvan University)[52], Kastmandap School of Public Affairs Management (affiliated to private Purwanchal University), the Local Development Training Academy (a government subsidiary)[53], the Revenue Training Centre (a government resource)[54] and a few colleges that run management and development studies are responsible for the human resources development in the public sector. These organizations do teach and train the potential and existing civil servants, including development practitioners and students, but their courses, curricula and research have been found to be very weak on the theme of new public management (NASC 2071/72, KASPAM 2015, PAC). Some research works are found which are guided towards NPM, but their contribution to knowledge and skills at large is disconnected. What this shows is that these institutions are not well attuned to the contemporary national development priorities, and the policy and programmes of the government.

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[51] For more information on National Administrative Staff College see http://www.nasc.org.np.
[52] For more information on Public Administration Campus see http://njpg.pactu.edu.np/?q=all-issues.
[53] For more information on Local Development Training Academy see http://www.ldta.org.np/service_content.php?id=11.
[54] For more information on Revenue Training Centre of Government see http://www.ratc.gov.np/index.php?page=viewpage&pageid=9.

Interestingly, this is the first time that the Administrative Reform Monitoring Committee, created as per the recommendation of ARC 1992, has carried out some service delivery-related studies,[55] with the help of UNDP (Pradhan 2007, p. 7).

In the fiscal year 2012/2013, the Ministry of General Administration carried out a "Customer Satisfaction Survey (CSS)" in some districts. The survey result (Republica 8 May 2014)[56] shows that ordinary citizens are facing serious difficulties in seeking services from government offices, municipalities, district development committees, district administration offices, district public health offices, district survey offices, district land revenue offices and transport offices, among others. It further highlighted that ordinary people are unaware about the 'Citizens' Charter' hanging outside government offices, thus making their work still more complicated and time-consuming. Members of the general public seeking services from the government offices are paying undue service charges to intermediaries, which is illegal. The survey explains that ordinary people cannot communicate their serious grievances at government offices due to non-receptiveness and lack of cooperation from officials.

Particularly from the NPM perspective, the following reform measures can be considered as NPM initiatives under civil service reforms, decentralization and governance improvement of the country. These are:

- Sectoral devolution which has taken place (e.g. in education, health, livestock, and rural infrastructure) giving more power to District Development Committees and district level line agencies;

- A decentralised financial management system introduced by creating the District Development Fund at the district level (all sectoral development funds are channelled through this);

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[55] The studies carried out are in agriculture extension and agriculture inputs services, one-window payment system for paying revenue and utility (water, telephone and electricity) bills, land registration, health service delivery system, postal service, and transport management.

[56] The national daily Republica - http://e.myrepublica.com/component/flippingbook/book/1591-republica-08-mayl-2014/1-republica.html

- Several administrative reform measures as per the recommendations of the Administrative Reform Commissions/Committee have been implemented, particularly downsizing of the civil service and restructuring of the ministries and departments to make the bureaucracy lean in 1992. These also include making the civil service more inclusive in the 2000s;

- Many public enterprises and undertakings, mostly manufacturing, have been privatized and the service sector reorganized[57];

- Some government departments and agencies have been restructured and made autonomous entities;

- An open door policy has been adopted in many sectors for private and foreign investments (e.g. health, education, telecommunication, energy, transportation, the financial market);

- The company and business licence and registration process has been relaxed, thus improving the 'doing business' index;

- Customs and trade policy have been relaxed. Nepal joined the World Trade Organisation (WTO) in April 2002;

- A more liberal policy environment for NGOs and community participation in local development activities has been adopted, and cooperatives promoted;

- The National Planning Commission has introduced a programme monitoring framework in the ministries and departments;

- A performance-based incentive system in the Department of Revenue to increase revenues has been introduced;

- The Public Procurement Monitoring Office (2007) has been established under the Office of the Prime Minister and the Council of Ministers in order to monitor all the important development projects;

- There has been the introduction of an e-procurement system in the ministries and departments to speed up the contract management;

- The Minimum Conditions Performance Measures (MCPM)[58] for local government, a grant distribution mechanism encouraging in improving the performance of local government, has been implemented.

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[57] For more details on the status of the public enterprises refer http://www.mof.gov.np/en/#

[58] More on MCPM can be accessed to Local Bodies Fiscal Commission, the Government of Nepal. http://lbfc.gov.np accessed on 18 May 2014.

Many of these reform measures are the outcome of the decentralization policy, governance initiatives, and market orientation; but, if closely observed, they have encompassed all the core elements of NPM, which are basically aimed to improve efficiency in public service delivery. However, these efforts at the local government level have less application when local government engages with non-state service providers in service provision. As said earlier, local government is more inclined to use the community organizations than the private and non-governmental organizations.

3.1.6   Conclusion

The discourse of New Public Management (NPM), widely influential from the late 1980s internationally, did not figure prominently in the politico-administrative history of Nepal. It is not referred to openly in government policy, nor did it become the public sector reform agenda. However, this does not mean that the reform measures that took place, particularly after 1990 in the functioning of the State, did not embrace the major elements of NPM. Contracting out, lean administration, output-based performance, involvement of both the private and the social sector have been introduced and promoted by the policy during the Ninth Plan, Tenth Plan, Three Year Interim Plan-I and Three Year Interim Plan-II Plans, and other legal measures through Good Governance Act 2008, Local Self Governance Act 1999, Procurement Act 2007. Their successful implementation has been echoed in every sector at the central level, but the public, particularly the people living in remote rural areas, have never felt their benefits at the local level. This has been partly because the capacity of local government has not been built to absorb such changes.

The fruits of administrative reform, decentralization, liberalization and good governance have not been able to meet the aspirations of the people in general, despite massive aid inflows since 1950 to support these development initiatives in the country (Panday 1999).

This is because accountability in service delivery is institutionally diffused (Rhodes 2006) between the central government and local government, and between the local government and local communities. Moreover, local government has never pursued seriously the "efficiency" issue (of NPM) in service delivery. They have relied too much on user committees for service provision, even rather than building their own capacity to assist user committees, which is apparently the intention of national government too (GoN and UNDP 2014, p. 70).

Assessing the development policy regime of Nepal over the last twenty years reveals how the reform agendas of the government have been shifted from 'Administrative Reform' to 'Development Administration' and then finally to 'Decentralization' and to 'Governance', and how all these are now packed together under the governance reform programmes. This policy transformation has happened due to the changed political landscape of the country, together with the impact of external influences on the state's affairs. The aim has been to encourage a liberalized approach in state functioning, and so to devise the government machinery to adopt these changes.

It is clear that reforms in this field have not performed to expectations, but the failure has not necessarily been one of design, but rather of the context in which they were applied – primarily the armed conflict, but also some problems in the political and administrative culture and, arguably, a lack of commitment and political will for policy transformation.

3.2   Drinking Water Service Provision in Nepal

This section gives an insight into the drinking water sector of Nepal with a focus on rural drinking water. It begins with a brief overview of the drinking water situation of the country and then moves on to consider the legal environment: policy, institutional arrangements,

financing and service provision approaches used in the sector and finally the issues faced in the sector along with a conclusion.

3.2.1 Introduction

In the literature, drinking water has typically been bracketed with sanitation, that is, 'Water and Sanitation' (in short WATSAN) up until the early 2000s. It later became associated with hygiene and thus became the WASH (water, sanitation and hygiene) sector. In Nepal, the term 'WASH' began to be used in the national policy, programme and projects only after the mid-2000s.

For this research study, only drinking water is taken into consideration, for three reasons. First, more than 80% of the government WASH fund goes to drinking water provision[59]; second, the sanitation service provision is different from the drinking water, in that it (sanitation) encompasses an aggressive social process, a high degree of behavioural input and community pressure; and third is that the community participation approach in drinking water provision is different from that with sanitation. In drinking water service provision, the 'water users' committee' plays a very important role right from the beginning, i.e. from the planning stage, to construction, operation, maintenance and repair; whereas in sanitation, the campaign is carried out at the community level but the construction, maintenance and operation of toilets are done at the individual household level.

3.2.2 Drinking Water supply

Nepal is endowed with abundant water resources. Groundwater in Terai (the southern plain area bordering India), springs and streams in the hills are the main sources for the domestic use of water. Poor water resource management due to demographic change,

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[59] This is the policy decision made by the Government of Nepal.

development pressures, competing uses and the lack of infrastructure compromises the accessibility, quantity and quality of the water. Shallow groundwater and surface streams are the most vulnerable to contamination. It is affected by seasonal variations, with acute shortage during dry periods (ADB 2008).

The Nepal WASH Sector Status Report of 2011 (SEIU 2011) shows that 94 per cent of households in urban areas and 78 per cent of households in rural areas have access to improved drinking water despite the conflict the nation faced from 1995 to 2005. This progress is achieved mainly due to intensive government and donor interventions in the past, and partly because of the heavy community involvement in the rural areas, where the Maoists did not wish to lose the support of the communities. This is a huge achievement, a massive change from the situation in 1990, when the urban coverage was 90 per cent and the rural coverage was 43 per cent only. With this achievement, Nepal has already overtaken the Millennium Development Goal (MDG) target of 73 per cent by 2015.

Table 5: MDG and UAT of Water Supply

Indicator	Status		Target		
	2000	2005	PRSP 2007 (10th Plan)	MDG 2015	UAT 2017
Urban					
% of population with access to improved water	86	93	85	95	100
Rural					
% of population with access to improved water source	71	79	85	72	100

Source: National Planning Commission/Government of Nepal; UNDP 'Millennium Development Goals, Needs Assessment for Nepal'.

However, in terms of functionality, 43 per cent of the built systems are not in a good functional condition, and the quality of the drinking water systems indicates much need to be done in the sector. Nepal expects to achieve a target of 100 per cent universal access

(UAT) by 2017, and accordingly the national WASH policy is geared towards this direction.

3.2.3   Acts and regulations

The legal and policy regime for drinking water is fairly conducive to providing adequate guidelines and safeguards in order to drive the sector to achieve both MDG 2015 and UAT 2017, although some institutional disarray[60] exists in policy coordination and transformation at the operational level. The main legislation that influences the provision of drinking water services in rural areas is briefly discussed here. These pieces of legislation provide the institutional arrangement, such as the formation, roles and responsibility of the water users' committees, non-governmental organizations, District Development Committees, and the other government agencies involved in drinking water sector. All these actors are the subjects of study of this research.

3.2.3.1 Water Resource Act 1992 (2049) and Water Resource Regulation 1993 (2050)

This is an umbrella Act that governs the water resource management of the country. It sets the priority order in the use of water, which is to say that drinking water is top priority, followed by irrigation. It provides a legal basis for the users' committees via the formation of water users' associations, through registration at the District Water Resource Committee, issuing licences to the associations for the use of water sources.

To elaborate the Water Resource Act 1992 for operational purposes, the Water Resource Regulation 1993 was enacted. This regulation spells out the detailed procedure on how to register a Water User Association (this could be for irrigation, drinking water and other

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[60]   Two ministries, the Ministry of Urban Development and the Ministry of Federal Affairs and Local Development and their respective departments, DWSS and DoLIDAR respectively are not effectively coordinating in the districts through their district line offices, WSSDOs and DTOs.

purposes) and to obtain a licence for operation. It provides detailed provision on how to establish a District Water Resource Committee and sets out the rights and obligations of Water User Associations and licence holders. It also deals with the acquisition and compensation of properties (house and land) for drinking water purposes.

3.2.3.2 Drinking Water Regulation 1998 (2055 BS)

The Water Resource Act 1991 and the Water Resource Regulations 1992 provide the general legal premises on how to use the water resources for general purposes, like drinking water, irrigation, hydroelectricity generation and other purposes. This regulation exclusively concerns the establishment and registration of consumer organization[61] for drinking water, licensing for water source survey and utilization of sources, dispute settlement over the use of a source, source and environmental protection, level and utilization of services, and service charge.

3.2.3.3 Local Self-governance Act 1999 and Local Self-governance Regulations 1999

This Local Self-governance Act (LSGA) is the umbrella act covering local bodies (local government) in Nepal. It is conceived in a spirit of decentralization. It devolves a whole range of political and development responsibilities to the local government of the country. It sets out the powers, functions and duties of the VDCs, Municipalities and DDCs. It entrusts local government with financial, taxation, revenue raising and expenditure power, including the coordination of all the government line agencies in development in the district including the private and social sector. It empowers the local government to arrange, or cause to be arranged, public services including the drinking water service and to impose service fees to sustain such a utility.

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[61] Consumer organizations are also known as users' committees in the case of drinking water, and when they get registered with the District Water Resource Committee as per the Act and Regulation, they become Drinking Water Users' Associations. But people rarely use this term 'association'; they prefer 'committee' instead. Here in this research, I have used 'water users' committee' (WUC) throughout the deliberation because it reflects the correct terminology used commonly in Nepal.

The Local Self-governance Regulations further set out the powers, functions and duties of VDCs, Municipalities and DDCs in detail in relation to water and sanitation. Regarding drinking water, they specify the procedure for the formulation of water-related plans and project implementation procedures. This Act and the Regulations came into effect as an attempt to materialise the decentralization process of the country, in order to localise service delivery at the doorstep of the communities. This became disturbed during the Maoist conflict, although the local government is still functioning according to the Act and Regulations under the current transitional period.

3.2.3.4 Water Supply Tariff Fixation Commission Act 2006 (2063):

The purpose of this Act is to fix the tariff for water and sanitation. This Act makes provision for the formation, functions, duties and powers of the Water Tariff Fixation Commission, and further includes the handling of complaints, funding and audit of the Commission. Although the Commission has been in operation for more than nine years, it has played no such significant role to date in both urban and rural drinking water sectors owing to its poor organizational capacity (ADB 2009, p. 29). The role of this commission is imperative, as many water users' committees are in the compact settlements, and these settlements are rapidly becoming municipalities, and are commercialising the drinking water services by adopting the user fee charge system to sustain the system. This may require some kind of regulatory enforcement, at least to address the equity issue in service provision.

3.2.3.5 Drinking Water Quality Standards 2006:

This is the implementation directive making provision for the agencies responsible to supply drinking water to consumers, confirming the National Drinking Water Quality Standard (NDWQS). It spells out the water sampling and testing procedure, monitoring and surveillance responsibility, and the parameters of water quality for NDWQS. Basically,

Service Providers are made responsible for maintaining and monitoring water quality, and the Ministry of Health & Population, and its district health offices, are responsible for water quality surveillance. In practice, the service providers in the cities and towns are monitoring the water quality [KUKL 2071, NWSC 2076 (2011)] and also some relatively big WUCs have initiated such activity, e.g. Shankarnagar of Butwal Municipality, Murgia of Rupandei District, Amarapuri of Nawalparasi District, but the majority of WUSCs, if considered as service providers, are not monitoring their water quality. Even those who are monitoring the water quality are still far behind meeting the national requirements.

The Department of Health Services relies more on DWSS for the improved water supply and sanitation during any outbreak of diarrhoea than its own system (DoHS 20014), although these Standards have specified that water quality surveillance is the responsibility of District Public Health Offices. Despite reaching over 85 per cent of drinking water accessibility, ensuring standard water quality has been an issue, because the population receiving the piped water is less than 20%, which is also intermittent and the water sources used in the rural areas are open natural springs, spouts, shallow wells and hand pumps that can be easily contaminated (ADB 2014).

With the advent of the new constitution in the near future, all these acts and regulations would be changed or amended, to adjust them according to the new federal structure. Particularly, the LSGA 1999 will be overhauled within the purview of new federal legislation, in which the functional jurisdiction of many public services would be devolved to the regional state governments, and through these governments to local bodies. How the relationship between state government and local government (district, municipality and village) will be established has yet to be seen. This also applies to whatever may be the legal framework to regulate the services in the drinking water sector in the near future. It can be expected that more power will be given to local government to mobilise local

resources through social and private sector participation, at the same time making these institutions accountable to their respective forum.

3.2.4　Policy

The policies that affect the rural drinking water provision are many, but the main ones are:

3.2.4.1　Rural Water Supply and Sanitation National Policy and Strategy (2004)

This policy and strategy have recognised the importance of drinking water and sanitation services for the socioeconomic development of the Nation, by improving the health status of the people. It sets national objectives on water and sanitation by setting the strategy to achieve the National Universal Targets by 2017. To achieve this, the policy has emphasised the enhancement of the capacity of local bodies, users' committees, and NGOs, by reducing the direct involvement of the government in the implementation of water supply and sanitation programmes and projects. It has further set out that the service delivery mechanism of water supply and sanitation be carried out in partnership with users' committees, community based organizations, non-governmental organizations and private sector organizations in line with the decentralization policy. But the policy fails to provide details on how to engage the community and private sector organizations in service delivery.

This strategy specified the need for a minimum 20 per cent contribution from the community of the total water supply scheme construction cost, where 1 per cent must be in cash, and the rest can be in the form of labour and local material contribution. Both policy and strategy also deal with the whole range of operational and maintenance issues, and further include water quality and the use of appropriate and affordable technologies in drinking water supply.

The responsibility for policy formulation regarding drinking water is given to the Ministry of Physical Planning and Works (now the Ministry of Urban Development from 2015), while DDCs are entrusted with the District Development Plans, that also include district drinking water sectoral plans with inputs from VDCs. VDCs and WUCs take the implementation roles while DDCs and line agencies in the districts provide technical assistance as per the request of VDCs and WUCs. The policy specifies that eventually the rural drinking water supply and sanitation programme would be handed over to the DDCs, when they become capable of handling the sector on their own. It can be assumed that the spirit of the national policy and strategy regarding rural drinking water supply and sanitation is predominantly concerned to strengthen the local institutions and their participation in service delivery.

3.2.4.2 Eleventh Three Year Interim Plan I (TYIP 2007/8-2009/10)

This is the successor of the previous national development plans, and is geared towards achieving the national targets for WASH, emphasizing the sustainability of the drinking water system by improving the reliability and quality of the drinking water through socially inclusive development initiatives. Unlike the previous Tenth Plan (2002 to 2007), this Plan emphasises greater participation of both the social and private sectors, in order to increase the accessibility of drinking water and sanitation services. The Plan sets these targets: to achieve 85% coverage in the basic drinking water service, increasing from 76.6%, and an increase to 15% from 8% in both the medium and high-level drinking water services within the planning period (Table 6). It encourages environmental concern by means of local participation and ownership in the provision of drinking water. It also deals with the functionality (repair and maintenance) of drinking water services and management.

Table 6: TYIP I Targets 2010

Indicators	Status by Fiscal Year 2006/07	TYIP targets (2010)
Basic drinking water service		
Total benefited population (in '000)	20,434	24,327
Percentage of those benefited to total	76.6	85
Medium and high level drinking water service		
Total benefited population (in '000)	2,134	4,293
Percentage of those benefited to total	8	15

Source: NPC (2010)

3.2.4.3 Twelfth Three-Year Interim Plan TYIP II (2010/11 – 2012/13)

Like the previous three-year interim plan, this plan is also formulated in keeping with the view of the objectives set by the National Water Resource Plan to provide basic drinking water and sanitation facility to all by 2017 (Table 7). The overall targets were slightly increased in numbers (25,223,000 popn.) from the previous plan's target (24,327,000 popn.) but not in per cent (85%). It is same with the medium and high service facility, where the target is slightly increased but with same percentage value (15%). Following the previous plan, the continuous expansion of drinking water services will be carried out by improving water quality and services, and by increasing the participation and ownership of local communities in the construction and operation of drinking water systems. These revised targets and achievements indicate that the strategies adopted in the previous Plan did not work well. Many believed that reaching 100% or close to 100% would be very difficult because the level of effort required is very high. For this reason, the Plan has emphasised water quality improvement, rehabilitation, maintenance and repair, and improving the governance of the drinking water supply system through the greater participation of non-state actors. The Plan also ensures drinking water services by improving the repair, maintenance and rehabilitation management systems.

Table 7: TYIP II Targets 2013

Basic Drinking Water facility	FY 2009/10	TYIP Targets 2013
Total beneficiary population (,000)	22,547	25,223
Total beneficiary in %	80	85
Medium/high service facility		
Total beneficiary population (,000)	2944	4451
Total beneficiary population in %	10.5	15

Source: NPC (2013)

An adoption of a sector wide approach in WASH, promotion of the use of local materials, along with ensuring climate resilience in the construction of drinking water systems, improvement of water quality and capacity building for sustainable drinking water and sanitation are the other features of the Plan.

3.2.4.4 Thirteenth Three Year Plan (FY 2013/14 – 2015/16) – Approach Paper

The Plan's broader objective is to achieve inclusive, broad-based and sustainable economic growth through the greater participation in development of the three different sectors (private, government, and community). Following this strategy, this Thirteenth Three Year Plan is also formulated around the same objective as that of the previous National Plan – to achieve universal access in basic drinking water by 2017.

Like before, it emphasizes enhancing the accessibility of quality drinking water, as per the National Drinking Water Standards 2005 and the Action Plan. Recognising the physical and geographical difficulties of reaching as yet unreached people, the Plan calls for the use of rainwater harvesting, solar and electric pumping, and hydraulic ramps as alternative technologies for providing drinking water in dry areas. Other features of the Plan are the same as in the previous plan: a sector-wide approach, environment-friendly and climate-adaptive measures, achieved by using local resources in the construction of drinking water systems.

However, the Plan gives more details on operational arrangements. For instance, the priority to be given to repair and maintenance of the completed projects, use of the management contract system if users' groups are unable to handle large-scale drinking water and sanitation projects, and mobilization of local resources, including joint investment in the construction and use of drinking water and sanitation structures. Hence, the policy direction is more liberal, making use of NGOs and the private sector to improve the drinking water accessibility.

3.3.4.5 Conclusion

The national development policy priority has always been focused on poverty alleviation at the macro level in the past (Ninth Plan 1997-2002, Tenth Plan PRSP 2002–2007); and during the post-conflict era, peace building and reconstruction became the central issues in the last two Three Year Interim Plans (Eleventh Plan 2007 - 2010, Twelfth Plan 20010 - 2013). The current Three Year Plan III (2013 - 2016) is poverty-focused as well. The underlying policy of this Plan has increasingly emphasised the achievement of inclusive, broad-based and sustainable economic growth by enhancing the contributions of the different stakeholders, i.e. private, government, and community, including cooperative sectors for development. The last three plans have clearly spelled out the importance of drinking water and accordingly formulated the policies and strategies in line with MDG targets, although the country has already achieved its MDG (2015), and is now heading for UAT (2017).

To sum up, the legal and policy environment – that is to say all the acts, regulations, plans and policies related to drinking water – may be seen as very favourable, and testifies to the fact that this sector has been clearly identified as a priority (P1)[62] for development, ensuring the flow of resources but also the mobilisation of institutions, such as local

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[62] P1 means priority number one programme (or sector) as per the government development priority where the government whole-heartedly ensure the smooth flow of funds throughout the planning period.

government, community, social and private sectors, and donors, towards improved drinking water service provision.

Considering all the existing legal and policy provisions one can assume that an adequate policy framework for drinking water has been put in place, that has the strategic aim of embedding the decentralized service delivery system within local participation and the governance initiative. How these policies are implemented through institutional and organizational structures is discussed further in the following sub-sections, with an emphasis on the most problematic area of the rural drinking water issue.

3.2.5   Institutional arrangements

The introduction of the Structural Adjustment Programme in the mid-1980s (Shrestha 2010), and particularly the adoption of liberal policies in the 1990s, has brought eminent structural changes in the politico[63]-administrative[64] and economic[65] features of Nepal. Decentralization, as being the key means for development, has received a greater thrust with the new Local Self-governance Act 1999 and other policies that recognize the involvement of both the private and social sectors in public service delivery. As a result of this, a large number of new actors, namely community-based users' groups and private organizations together with non-governmental organisations, have emerged in the development sector, including in drinking water service provision.

Although many such organizations already existed in the society, the formalization of users' committees and NGOs as intermediary service providers through registration with the government has been tremendously increased. This has also empowered Local Bodies (governments) with devolved power to coordinate development programmes and

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[63]   A multiparty political system was introduced under the constitutional monarchy.
[64]   Downsizing and streamlining of the Civil Service took place in the early 1990s as part of the structural adjustment programme under IMF pressure.
[65]   De-regulation, privatization and liberalization of enterprises, fiscal policies and financial markets initiated.

mobilize resources for service delivery at the local level. Overall, the principle of local partnership between these sectors has been enshrined in, and encouraged by, the legislation.

In order to implement the plans and policies of the government regarding drinking water supply, three dominant institutional forms for drinking water service provision have emerged, with some variations in their implementation (Figure 9). These are:

- A Government regular programme through sectoral line agencies
- A Government regular programme through local government
- I/NGOs-supported programme

Figure 9: Institutional arrangement for drinking water provision

MoUD: Ministry of Urban Development
DWSS: Department of Water Supply and Sewage
DUDBC: Department of Urban Development and
        Building Construction
NWSC: Nepal Water Supply Corporation
FUND BOARD: Water Supply and Sanitation Fund
        Development Board
WSSDO: Water Supply and Sanitation Divisional Office
UEIP: Urban Environment Improvement Project
NGOs: Non-governmental Organizations

MoFALD: Ministry of Federal Affairs and
        Local Development
DOLIDAR: Department of Local Infrastructure
        Development and Agricultural Roads
DDCs: District Development Committees
MUNICIPALITIES
DTOs: District Technical Offices
VDCS: Village Development Committees

SWC: Social Welfare Council
INGOs/NGOs: International Non-governmental
        Organizations/ Non-governmental
        Organizations

Source: Constructed based on Department of Water Supply and Sewerage, Sector Efficiency Improvement Unit/ Ministry of Urban Development /GoN, Asian Development Bank supported Small Town Project Preparatory Technical Assistance, Asian Development Bank supported Community Based Water Supply and Sanitation Sector Project, World Bank supported Rural Water Supply and Sanitation Fund Development Board, NEWAH, WaterAid.

The MoUD stream is increasingly becoming the urban focus, but as discussed earlier, it also inherits the provision of rural drinking water as well. The Rural Water Supply and Sanitation National Policy and Strategy (2004) clearly spelled out that the role of DWSS was to be eventually diminished in the rural areas. However, MoUD spread its rural reach through the Rural Water Supply and Sanitation Fund Development Board (in short Fund Board), a quasi-governmental body. NWSC is also a parastatal body under MoUD that works in the 2I urban centres.

The MoFALD stream works through the local government structure, DDCs, Municipalities and VDCs. DoLIDAR, under the ministry, provides technical support to the local government. Most of the off-budget programmes for rural drinking water are implemented through the SWC stream by means of which the INGOs and NGOs are registered, in order to work with communities in the rural areas.

The National Planning Commission (NPC) of Nepal is an apex planning body of the government responsible for national development planning, policy and strategy formulation, working closely with the sectoral line ministries. In the case of drinking water supply, it works with the Ministry of Urban Development (MoUD) and the Ministry of Federal Affairs and Local Development (MoFALD), but it also works with the Ministry of Health and Population (MoHP) for water quality surveillance and monitoring health-related results; and with the Ministry of Education (MoE) for school level drinking water and sanitation. These last two ministries and their district level line offices will not be discussed here, as their roles at the district level with the District Development Committees are found not compatible with effective service provision, due to structural and functional differentiation.

3.2.5.1 Ministry of Urban Development

The Ministry of Urban Development (MoUD) (formerly the Ministry of Physical Planning and Works) is the sectoral ministry responsible for water and sanitation. The Department of Water Supply & Sewerage (DWSS) under this ministry is the designated lead agency for the drinking water and sanitation sector. This Ministry chairs the Sector Stakeholders Group meeting for drinking water and sanitation at the national level, to formulate the national policy, guidelines, service standards, and sector-financing plan. It also issues directives from time to time, related to drinking water and sanitation. The responsibility for national-level monitoring of drinking water and sanitation also falls under this ministry. It works with MoFALD on rural drinking water and sanitation programmes and projects.

The Department of Water Supply and Sewerage (DWSS), which was established in 1972, operates through the regional offices in the five development regions and the divisional and sub-divisional offices in all 75 districts of the country. The DWSS's functional jurisdiction still includes both the urban and rural areas of the sector, despite the national policy which has directed them to leave the rural areas to DDCs over a period of time (RWSSNPS 2004). DWSS has two major programme streams; one is to assist the MoUD in the formulation of sector plans, policy and coordination, and the other is to implement the drinking water and sanitation programmes and projects through its 75 district offices, and through donor-supported projects like the 'Small Towns Water Supply and Sanitation Sector Project' (SSTWSSSP[66] 2010 - 2015) and the 'Community Based Water Supply and Sanitation Sector Project' (CBWSSSP 2004 - 2011) (ADB, 2013).

The Rural Water Supply and Sanitation Fund Development Board[67] is a parastatal body established in 1996 under the oversight of MoUD. The cabinet has approved a bill some

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[66] Second Small Towns Water Supply and Sanitation Sector Project funded with the ADB's grant of $45.1 million and the Government of Nepal's $20.5 million, where the contribution of WUSCs and local governments is of $6.1 million (budgeted). Source: DWSS, GoN.

[67] For detail about Rural Water Supply and Sanitation Fund Development Board, refer http://www.rwss.org

time ago to give it a separate identity with more autonomy by making it the Rural Water Supply and Sanitation Fund, but the bill has yet to be passed by the parliament (or constituent assembly at this time) (WB 2004c). It has its own governing board and management structure to run its day-to-day affairs. Currently, it is in its Third Project period (First Project, 1996-2003; Second Project, 2004-2012 with $31.08 million) and is financed by the World Bank (WB 2013). It has the mandate to work in rural areas on small drinking water schemes, with technical support service providers (consultants) and support organisations (local NGOs). The Fund Board has the most extensive service coverage in the country. With its presence in 71 districts, it has already helped to build 1,465 drinking water schemes, giving access to drinking water to 190,172 households (population 1,140,892) (WB 2013).

The Nepal Water Supply Corporation (NWSC) is also a quasi-public organization, responsible for the provision of drinking water and sewerage in municipal areas since 1973. MoUD oversees this body at the policy level. Owing to its poor performance in improving and sustaining services (WB 1991), this organization is struggling for its survival in the changed context of service delivery. To overcome the institutional issues affecting drinking water, the government has adopted a new policy that promotes more decentralised service provision with local participation. To affect this, in the capital city Kathmandu, all NWSC's assets, and some 1,100 employees, were transferred to the newly formed Kathmandu Valley Water Supply Management Board (KVWSMB) in 2008. The Board subsequently handed over the assets of NWSC to Kathmandu Upatyaka Khanepani Limited (KUKL), which is now responsible for operating water and sewerage services in the Kathmandu valley. Despite following this new policy, converting NWSC offices into water management boards (asset owner) in some towns, NWSC is still responsible for operating drinking water services in over 21 municipal towns outside the

Kathmandu valley (NWSC)[68]. However, this policy, the arrangement of the responsibility of drinking water services as an asset owner, a service provider, and a regulator, contrasts with rural drinking water services where the WUSC assumed all these three roles.

3.2.5.2 Ministry of Federal Affairs and Local Development

The Ministry of Federal Affairs and Local Development (MoFALD) is the ministry responsible for overseeing the local development and decentralization programmes that are implemented through local government, i.e. the 75 District Development Committees (DDCs), 58 Municipalities and 3,915 Village Development Committees (VDCs)[69]. The Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) is the technical arm of the ministry. This department was established in 1997 and has an annual budget of NPR 35 billion for the fiscal year 2013/14 (DoLIDAR 2013). It is responsible for community level drinking water schemes, along with other local infrastructure programmes like rural roads, bridges, small irrigation, and housing, etc. These activities are implemented through the 75 District Technical Offices attached to the District Development Committees.

The objective of DoLIDAR is:

"… to undertake infrastructure development programmes, in accordance with decentralization policies, for attaining the goals set forth by the GoN's National Strategy for Rural Infrastructure Development, by making the local authorities technically capable and competent, and ensuring their accountable participation" (DoLIDAR, LID Policy 2004[70]).

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[68] For more information on NWSC, refer http://www.nwsc.gov.np/contact.php

[69] The number of municipalities and VDCs has been recently changed. More municipalities have been created and the number of VDCs is reduced, for detail see the website of the MoFALD - www.mofald.gov.np

[70] Source: http://www.dolidar.gov.np/wp-content/uploads/2013/01/LocalInfrastructureDevelopmentPolicy2061-EN1.pdf

Through this department, MoFALD implements the highest number of donor-supported projects in the country, ranging from governance improvements and social infrastructure development to rural livelihood[71]. Two Finnish Government supported projects, the Rural Village Water Resource Management Project in the Far-Western Region (10 districts), and the Rural Water Supply and Sanitation Project in Western Region (9 districts), are active in the rural drinking water sector. These projects have been under implementation through the District Technical Offices, working together with DDCs, since 2006 and 2008 respectively.

As discussed earlier, other central level major stakeholders are the National Planning Commission, the apex planning body that formulates long term and annual plans, policies and programmes; and the Water Supply Tariff Fixation Commission (WSTFC) established in 2007 for fixing water tariffs, ensuring quality service delivery, monitoring of services and resolving disputes between Service Providers and the Consumers.

UN bodies like UNICEF and WHO work with multiple government agencies, like the Department of Water Supply and Sewerage (DWSS), the Department of Local Infrastructure and Agriculture Road (DoLIDAR), and the Department of Health Services in the drinking water, sanitation and health sectors. UNICEF also works directly with the DDCs in some districts. All these international bodies assist the Government to achieve MDGs through different measures, such as providing policy inputs at the central level, helping to implement projects at the district and school level, and building the capacity of government and non-governmental institutions in water quality improvement. However, effective donor support coordination has been considered essential for the sector's effectiveness, and thus the Sector Stakeholder Group was established for donor support harmonization, and to address the fragmentation issues under MoUD (SEIU 2011).

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[71] For more information on DoLIDAR, refer http://www.dolidar.gov.np

3.2.5.3 SWC-INGO Stream

Apart from these two ministerial-guided programmes, there is a third major programme stream for drinking water and sanitation. This is known as the international third sector or INGO stream. These INGOs are registered with the Social Welfare Council (SWC-N). Some major INGOs working in the water and sanitation sector are: WaterAid, CARE, SNV, PLAN, Mercy Corp, and SCF. Many of these INGOs are also working in various types of community development programmes, like education, income generation, environmental conservation, mother and child health, savings credits, skills development, food, nutrition, women, human rights, democracy and governance as well as the drinking water and sanitation sector (AIN)[72].

These INGOs work through several national and local NGOs. For example, Nepal Water for Health (NEWAH) is a national level NGO which has been working in drinking water, health and sanitation in rural areas in partnership with local NGOs since 1992. It receives funding from WaterAid, which in turn receives funds from international donors like DFID and AusAid. As of June 2012, NEWAH has worked in 51 districts, and completed 1,672 projects benefitting 1,406,953 population (NEWAH)[73]. This example shows the kind of scale which NGO's, supported by INGOs, operate on at the national level.

Lumanti[74], a Kathmandu-based national NGO, is another example. It is very active in urban shelter issues, but also involved in WASH programmes, besides many other community development programmes. The Environment and Public Health Organisation (ENPHO[75]) is also a non-profit NGO that works on drinking water quality improvement

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[72] According to the Association of International NGOs in Nepal (AIN) there are 110 active INGOs currently working in different sectors and sub-sectors. Source: http://www.ain.org.np/member_ingos.php accessed on 21March 2014

[73] For organizational information on NEWAH, refer http://newah.org.np/index1.php?option=information&id=32

[74] For organizational information on Lumanti, refer http://lumanti.org.np/cms/

[75] For organizational information on ENPHO, refer http://www.enpho.org

with donor-supported projects. It also promotes appropriate technology in water and wastewater treatment, health, sanitation and environmental management.

The Federation of Drinking Water and Sanitation Users Nepal (FEDWASUN[76]) is a national level advocacy network organization, established in 2004. It represents more than 3,400 water and sanitation users' committees, representing 510,000 households. Fifteen per cent of these are urban-based users (ADB 2008). Although it advocates WASH policy through lobbying at the central level, at the same time it implements some capacity building programmes with the help of donors such as WaterAid, UNICEF, Finnish Development Cooperation, and OXFAM. SNV Nepal[77] has five major components, and one of them is WASH. SNV is working in more than 35 districts in Nepal. It receives funding support from the Royal Norwegian Embassy, DFID, the European Commission, ADB, IFAD and AusAid.

Over the last ten years, donors have tended more to establish a joint platform, a kind of facility (which can be considered a donor SWAp), to support programmes and channel the funds through INGOs and/or national NGOs. The programmes like HUGOU now Governance Facility, the Danish-led programme supported by Swiss Embassy and DFID, working in human rights and good governance[78], and the PRAN (Programme for Accountability in Nepal[79]) of the World Bank, are some initiatives moving in this direction. Although these facilities are working in a collaborative manner with the government agencies, they are not structurally and programmatically integrated within the government system. In the WASH sector, the Sector Efficiency Improvement Unit (SEIU) within MoUD is playing the sector coordination role regarding coherent policy implementation, which

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[76] For detail information on the Federation of Water and Sanitation Users Nepal, refer http://www.fedwasun.org
[77] For more information on SNV, refer http://www.snvworld.org/en/countries/nepal
[78] For more on Danish led programme on human rights and good governance, refer http://nepal.um.dk/en/danida-en/programmes/peace-support/
[79] For more information on the World Bank led initiatives on accountability programme, refer http://www.worldbank.org/en/news/feature/2011/05/03/nepal-accountability-program-pran

includes all the major stakeholders including the INGOs (WaterAid, SNV) and NGOs (NEWAH, and Lumanti). Nevertheless, they are following their own implementation modalities. These may fall within the broader WASH national policy but are outside the national government structure.

3.2.6   Service Provision Approach

There are basically four approaches implemented in the rural drinking water sector in Nepal. These approaches are embedded in one of the institutional arrangements that we discussed earlier. In order to assess how each of these three streams of service flow works, the following account has been derived from a period of participant observation. This was undertaken through the author's involvement in technical assistance of the Asian Development Bank for the project preparatory work of the Small Town Water Supply and Sanitation Sector Phase-II in 2008, Ramboll Finland Oy for Rural Water Supply and Sanitation Project from 2008 to 2012, the Federation of Canadian Municipalities for the Municipal Governance Programme from 2000 to 2002. These approaches are also substantiated by various workshops, high-level meetings attended by the author in the last 13 years (2000 to 2013), and also the interactions held with the government and local government officials, various projects' staff, other stakeholders such as NGOs, users' committees and private sector organizations.

3.2.6.1 Government's own programme

The Government's routine programme implementation approach follows the normal government service provision protocol. For drinking water and sanitation programmes, the respective departments (DWSS, DoLIDAR) receive programme budgets from their line ministries (MoUD, MoFALD) and then implement the programmes through their district level offices (WSSDO, DDC/DTO) normally with the participation of Water Users' Committees.

In general, DDCs in the respective districts try to coordinate the various sectoral programmes and resources through District Development Plans, following the LSGA, but many duplications and inconsistencies are found between the line agencies' and DDCs' programmes. The MoUD/DWSS stream is more a matter of centrally dictated top-down programmes, whereas MoFALD/DoLIDAR/DDC is concerned with community-driven bottom-up programmes. In fact the spirit of decentralization is hindered by the sectoral institutional rivalry in planning and implementation. For instance, the drinking water schemes in the districts that are implemented through WSSDOs should be approved by the DWSS of the MoUD, rather than by the respective DDCs of the districts, which often avoid the bottom-up local level planning process, which extends from community to ward to VDC to Ilaka (a kind of Electoral College) to DDC. There is hardly any monitoring and supervision by the DDCs for schemes implemented through WSSDOs. Overall, the whole funding channel is completely different. Here, WSSDOs have control of their own funds. This is a good example of the institutional constraints which have complicated the introduction of decentralization in Nepal over the last 30 years.

Mismatches in community priorities (e.g. placing rural roads over rural drinking water or education), cost over-running (25% higher than RWSSFDB, WB 2008), delays in completion as "many government undertaken projects take over 10-15 years to complete a project" (WaterAid 2010, p. 20); and poor quality of construction, which has contributed to the fact that only 43% of drinking water schemes are functional (SEIU 2011) are often seen as typical problems in the functioning of government-funded and -implemented drinking water programmes and projects. In general, the government-implemented projects are likely to suffer from elite capture[80], bureaucratic discretionary decisions and

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[80] The Independent Commission for Aid Impact (ICAI) that submits reports to the British Parliament has reported about the corruption in the Local Governance and Community Development Programme (LGCDP). This programme is supported by the joint donor platform including the UKAid. DFID within MoFALD has failed to check the corruption, in which the poor still bribe officials for services, and political

political patronage; all these have prompted accountability deficiencies thus leading to corruption in the service delivery system.

3.2.6.2 Donor supported Government's programmes/projects

This approach follows the typical project implementation modality adopted by the government, after the failure of integrated rural development models (1976 to 1990) (Amatya 1989) to bridge income inequality in the rural areas. This failure has been ascribed to an inappropriate institutional framework, lack of community participation (Bista, S.K. 1999) and organizational issues like delay in budget disbursement, administrative and bureaucratic obstacles, and lack of sectoral coordination (Amatya 1989). From the 1990s onward, with donor support, projects become more sector-specific, such as highway, education, drinking water, and health. But this has also brought some variations in operational modalities because each donor would like to pursue their own project/programme implementation procedure.

In order to coordinate and consolidate the various programmes and projects – particularly the flow of funds – and also to have a consistent policy application, the Government has pursued a Sector Wide Approach (SWAp)[81] from the mid-2000s (WB, 2004b), starting with the Nepal Health Sector Programme (NHSP 2004-2010) in 2004 (Vaillancourt and Pokhrel 2012). This trend continued in education with the School Sector Reform Programme (SSRP 2010-2015) (Rodriguez, 2010) in the 2010s.

However, this sector-programmatic approach could not be implemented in the drinking water sector despite policy approval (NPC 2013). The issues of urban (DWSS) versus

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elites often use their status to influence the allocation of government funds. Source: Kathmandu Post, 1 November 2014.

[81] *"All significant funding for the sector supports a single sector policy and expenditure programme, under government leadership, adopting common approaches across the sector, and progressing towards relying on government procedures to disburse and account for all funds."* Definition of SWAp by Foster, M; Brown, A; Conway, T (……….) ODI/WHO on Sector-Wide Approaches for Health Development: A Review of Experience. http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4533.pdf

rural (DDCs), sector (MoUD is the WASH sector lead ministry) versus governance (MoFALD is the line ministry for local governments and community mobilizations), of who takes control of what, have all contributed to the drinking water sector remaining institutionally fragmented.

This institutional fragmentation between MoUD and MoFALD has also led them to have their own donor-supported project implementation structures within their systems, each with a distinct implementation management structure and process. For instance, MoUD/DWSS has ADB-supported projects and MoUD also has the WB-supported RWSSFDB, while MoFALD/DoLIDAR has Finnish Government-supported projects. Nevertheless, it is claimed by both government and donors that this approach is community demand-driven, in order to respond to the failure of the previous government-implemented service delivery model.

In this approach, the government, with donor support, established a special Project Management Unit (PMU) at departmental level. Certain coordination and reporting mechanisms are framed within the department, but the operational function is completely insulated from it. The government deputes their senior staff as project coordinator or director, where the donor or the project hires international and national consultants (normally termed Technical Support Team, or Technical Assistance), to manage the projects. This typical service delivery arrangement, which has been widely used by the government from the early 2000s, can be considered a temporary form of agencification. This arrangement provides a different management and incentive structure, which often causes envy among the government staff and thus becomes the covert reason for non-cooperation.

The Community-Based Drinking Water and Sanitation Sector Project (CBWSSP) supported by ADB is presented here as a representative case. This Project was

implemented in the 21 districts of the Far-western (7), Mid-far-western (12) and Western (2) regions of the country. Although it was phased out in 2011 (ADB, 2013a), the features of this model are found throughout, particularly in rural development projects, including the drinking water sector. The model is improvised, based on the experience of many donors (DFID, WB, FINNIDA, UNICEF) who have worked in the sector for a long time. This model may be taken to represent a generic pathway (or blueprint) for development projects supported by donors in Nepal, with some variation in implementation[82]. For example, this is a community-managed project, but channelled through the local authority, whereas many community-managed projects are directly implemented by INGOs through local NGOs. The implications of this different approach are explored below.

Community-Based Water Supply and Sanitation Sector Project (CBWSSSP):

A typical project management structure of this model is depicted in Figure 10. In this model, the line ministry (MoUD) has become the executing agency that has delegated the power to its department (DWSS) to execute the project. To facilitate the project, the National Project Steering Committee (NPSC) was formed, and the Project Management Unit (PMU) was created under that committee. NPSC is a policy-making body, while PMU coordinates the national stakeholders for policy, the strategy formulation and the funding arrangements.

The participating DDCs became the implementing agencies at district level. For implementation, the ministry has entered into project agreements with the DDCs. A Water and Sanitation Support Unit (WSSU) was established in each project DDC. The chief of WSSDO on the deputation heads the WSSU.

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[82] There are many development projects that have followed this system (project support or management unit) with some changes in other sectors like rural roads, rural infrastructure, trial bridges, irrigation, forestry etc.

Figure 10: CBWSSSP Implementation Modality

Community Based Water Supply and Sanitation Sector Project-ADB
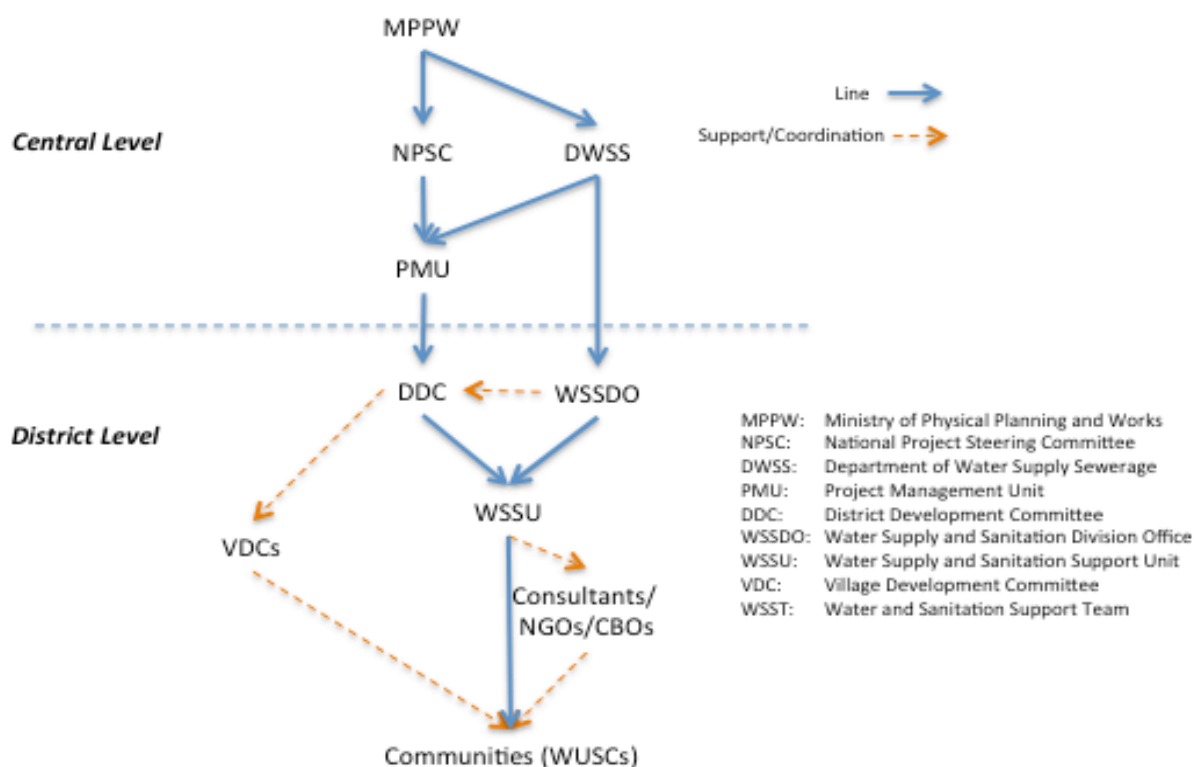
Source: ADB CBWSSSP, 2012, 2013[83], [84]

A District Water Coordination Committee, chaired by a District Chairman (currently, LDO), was created to coordinate the project activities with various stakeholders like VDCs, NGOs, district line agency offices, and donor-supported projects at the district level. The WSSUs, consisting of support agencies (or consultants), and support organizations (normally local NGOs and CBOs), were attached to the DDCs in order to implement the projects' activities by assisting the communities, that is, the water users' committees, to construct drinking water schemes. WSSU also provide capacity-building training to the community on how to sustain the schemes. In order to facilitate the process, the PMU hired local technical service providers, private consultants or NGOs, to work with

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[83] Developed based on the "Report and Recommendation of the President to the Board of Directors on A Proposed Loan to the Kingdom of Nepal for the Community-Based Water Supply And Sanitation Sector Project." (ADB CBWSSS, 2012, 2013)

[84] For more information on Community Based Water Supply and Sanitation Sector Project refer http://www.adb.org/sites/default/files/projdocs/2003/rrp_R165_03.pdf

communities. This project followed the standard project implementation guidelines, procurement process, monitoring, reporting, and result assessment procedures.

This arrangement is normally found effective in terms of the intervention outcomes, because it employs a different project management structure that allows a fast-track decision-making and fund-flow system by avoiding the normal government procedural system. Private sector and NGOs are given the responsibility through WSSU to assist the community in implementing the drinking water schemes. However, this model has suffered from two institutional constraints: i) accountability, and ii) capacity.

DDCs were given the responsibility of project implementation by MoPPW (now MoUD). But at the same time, the DWSS of MoPPW deputed a WSSDO staff member as the chief of WSSU; whereas the DDC, which is under MoFALD, did not have much of a role, except to endorse the work of WSSU.

This created poor coordination and weak accountability in service provision. It was found to be difficult for DDCs to become accountable to DWSS/MoPPW, as the project was virtually implemented by WSSDO in the name of DDC, and organizationally, WSSDO was officially accountable to DWSS/MoPPW not to MoFALD. The basic idea was that WSSDO was to work as a technical specialized arm of DDC, but the DDC has its own technical arm – 'District Technical Office' (DTO) – in every district. In fact the CBWSSP was never appreciated by DDCs fully as part of their responsibility in the implementation of the project, due to structural differences in the functioning and composition of this project.

This arrangement could not be fully compatible with the DDC system because of its different project management structure, in terms of decision-making, fund flow, and monitoring and reporting procedures. Despite this, the project's earmarked funds were reflected in the government annual budget "red book", and it also followed government

reporting systems, quite apart from its own project formats and channels. In the Project Completion Report of CBWSSSP (ADB 2012), the weak project management capacity of DDCs was pointed out as affecting the service delivery adversely, undermining the ability to provide a service. Poor reporting performance by the consultants (SAs) and the inadequate technical capacity of NGOs (SOs) to support the WUSCs were also acknowledged as reasons for the poor performance of the project. However, overall, the project was rated successful by the Asian Development Bank (ADB 2012), which means the project approach used was affirmative for future reference, and no structural change in the project management and the extension of the project were recommended in the Project Completion Report. This rather shows positive remarks in favour of DWSS/MoPPW, and less concern with DDC/MoFALD.

Contrary to CBWSSSP, UNICEF has used a slightly different approach. It has worked through the several government institutions involved in the WASH sector, but mainly for sanitation and hygiene, not drinking water in the later years. It provides funds to DWSS for monitoring system development, and has also helped DWSS and MoUD in the preparation of WASH sector policies and programmes at the national level. At the same time, it has worked with selected DDCs for the sanitation and hygiene campaign. Its schools programmes are considered the most effective ones in Nepal. UNICEF follows the national funding and programme system. However, the UNICEF programme did not use the technical service provider concept, i.e. service outsourcing, like other bilateral projects, but used their own field and regional office staff to assist DDCs to implement the programme.

3.2.6.3 Quasi Non-Governmental Organization (QUANGO)

The Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) is a QUANGO, or an arm's-length body of the government, established with a long-term vision

to serve the rural drinking water and sanitation sector of the country. Institutionally, it is an independent body established in 1996 under the Development Board Act 1956 and governed by a Board of Directors drawn from both central and local government officials, and from civil society and professional organizations. It receives funds from the government, and from government guaranteed donors (currently the World Bank only). It has already implemented two phases (1996-2003, 2004-12) of the IDA/World Bank supported project. The Bank acclaimed the successful implementation of this project, and has approved the results and the approach used by RWSSFDB (WB 2004c, WB 2013). As a result, the Bank has decided to provide the funds for the third phase of the project.

The project delivery approach used by RWSSFDB is very straight forward, as shown in Figure 11. It works directly with the community through a Service Agency (SA). SA in turn provides technical assistance to a Service Organization (SO) and the community in the construction and operation of schemes. SO works very closely with communities to implement drinking water schemes. SAs are normally private consulting firms, but can also be national and regional level NGOs, whereas SOs are generally local NGOs and CBOs. Both SA and SO are directly hired by RWSSPFDB's Head Office in Kathmandu from the service market, through open pre-qualified bids.

This was the first model that has recognised the outsourcing of technical assistance in drinking water service provision, which was later followed by other projects including CBWSSSP. Basically, this pattern of technical assistance in service provision is a type of service delivery chain extending from donor to government to QUANGO (RWSSPFDB) to SA/SO and community. The model reduces bureaucratic obstacles at the operational level and empowers the community to manage their drinking water systems.

Figure 11: RWSSSFDB Approach
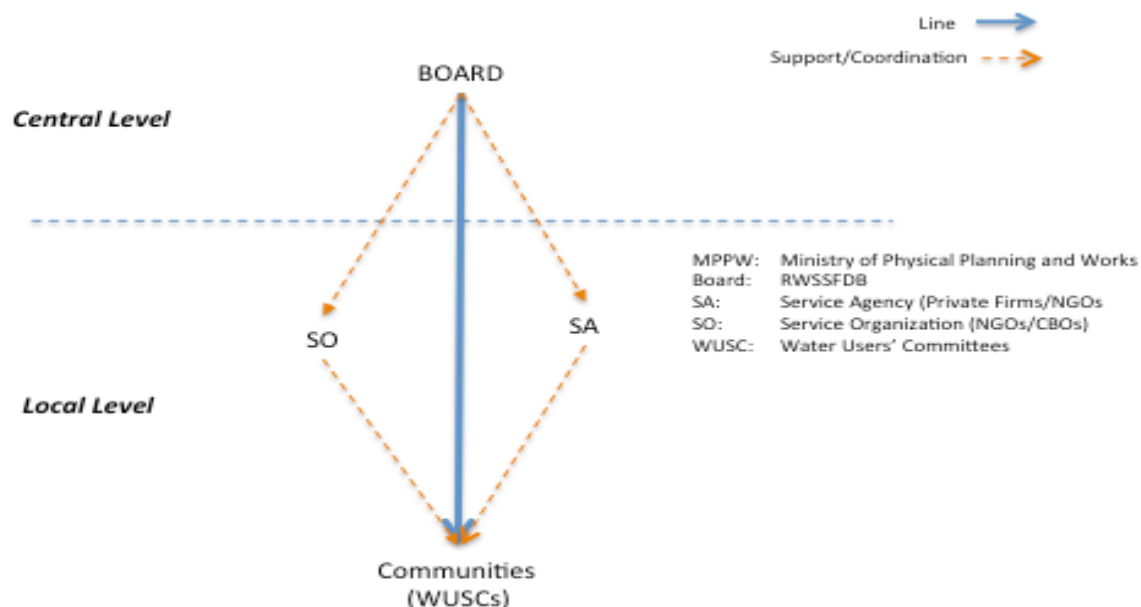
Source: RWSSFDB

The main feature of this model, also known as the "demand driven community managed model", is to reflect certain governance characteristics (such as direct community participation, as beneficiaries of the programme), but it also bypasses the formal accountability chain of local government. The model offers autonomy in operation, but is still subject to central government control on policy and funding. It offers the shortest route in service provision by bypassing at least two government layers under the MoUD stream – the department (DWSS) and its district line office (WSSDO). It also works outside the local government system, limiting the participation of local institutions. Hence this model, organizationally, offers less space for both, horizontal accountability across with other stakeholders in the district, and downward accountability from local government to public. On the other hand, it attracts both the private sector and NGOs in service provision. However, the capacity of RWSSDFB to mobilise SAs and SOs, and also the capacity of

SAs and SOs themselves to assist communities, can become problematic for effective service provision (WB 2013, pp. 45-46).

3.2.6.4 I/NGO – Third Sector Provision

This service provision model cascades from donor to INGO to national NGO to local NGO and finally to CBO and/or users' group, which basically follows the route of the aid (Singh and Ingdel 2007). Even within this stream, there is a great variation in support mechanisms as per the donor agencies' preferences. For example, DFID provides funds to its own programmes, the 'Enabling State Programme (ESP)' and 'Community Support Programme (CSP)', in which they have established a direct working relationship with various local NGOs; but at the same time, it also channels its aid through multilateral and bilateral agencies (or shared aid platforms), such as UN bodies, GIZ and INGOs (Helvetas, WaterAid, Oxfam etc.); and these INGOs work with national and local NGOs. Likewise, the Royal Norwegian Embassy works directly with the national NGO, such as the Informal Service Centre (INSEC), and at the same time joins hands with other donors (DFID, AusAid, Danida) on human rights, democracy, inclusion and governance programmes, where these programmes are implemented through various INGOs, national and local NGOs.

In the drinking water sector, WaterAid and The Gurkha Welfare Trust (a British trust) are dedicated INGOs working in rural drinking water and sanitation. Gurkha Welfare does everything itself with the community, while WaterAid works through national NGOs such as Nepal Water Health (NEWAH). Other organizations – for example SNV, Care, Plan International, and Helvetas – are also working in the drinking water and sanitation sector along with other community development programmes like education, livelihood and health. Interestingly, the common aspect of the model they use is that it does not use the government system, at least at the local level (DDCs and VDCs), although efforts are

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being made to coordinate the programme at the central and district level to avoid duplication as much as possible, but not the budget.

3.2.7 Drinking Water Sector Financing

During the period 2004 to 2010, the WASH sector received (for both urban and rural) NPR 25 billion. This works out at NPR 4.18 billion per year. Out of this, NPR 22.54 billion was disbursed through two government departments (DWSS and DoLIDAR) and RWSSFDB, and the remaining 10%, i.e. amount NPR 2.55 billion, was off-budget funding (SEIU 2011), which is mainly through INGOs and the various embassies of different countries.

The government has calculated that to meet the national target of universal drinking water and sanitation by 2017 (i.e. 100% coverage), the sector requires NPR 53 billion, which means NPR 7.57 billion annually from 2010. This stands about 1.4% of the total national budget of fiscal year 2013/14 (NPR 517 billion)[85]. With an annual disbursement rate of 2004 to 2010 and projected during 2010 to 2017, there is a deficit of NPR 3.4 billion per annum (SEIU 2011).

In this situation the government has certain options for raising resources. This could be done either through internal resources, an increase in the annual allocation in the national budget or securing pledges from donors for more aid. A further option could be seeking greater involvement of communities and users themselves in service provision, including the support of the non-state sector, given that national policies have sought greater participation of the third sector in service provision.

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[85] For the government policies, programme and budget for the fiscal year 2013/14 refer http://www.mof.gov.np/uploads/cmsfiles/file/Budget_speech_Complete_20130730061251.pdf for details.

3.2.8 Issues

The issues pertaining to drinking water services, particularly in rural areas, are discussed here.

3.2.8.1 Fragmentation and coordination

In addition to the many technical problems and sustainability issues that exist in the policy and operations, the drinking water sector is institutionally fragmented (SEIU 2011), and this fragmentation is deepening in the course of achieving the national universal target by 2017. As shown in Figure 9, there are three major institutional streams (or arrangements) being employed to drive the drinking water sector. This figure also narrates the fund flow mechanism, planning, programming, and reporting and accountability routes of each institutional stream.

Each of these streams has their own strengths and weaknesses in their particular institutional setting and context. Structurally, both Ministries (MoUD and MoFALD) have their presence in the 75 districts of the country through their district line agency offices (DWSSOs) and local governments (DDCs/DTOs). However, MoFALD has an institutional advantage over MoUD from the governance perspective, as it has political, social and technical networks in the districts. DDCs are also the local political bodies, where the DTOs under them are the technical wings which assist DDCs in the planning and implementation of infrastructure development projects.

Quite often these two service provision streams, MoUD and MoFALD, take their stand on their institutional strengths to advocate their supremacy over the sector. The DWSS under MoUD commands sector leadership, but has failed to implement the programmes effectively in the districts, due to poor social and resource mobilization at the community level. The Sector Efficiency Improvement Unit (SEIU), which is established at MoUD to

coordinate the different actors working in WASH at the national level, could not seek better coordination at the inter-ministerial and departmental levels. The intervention of the National Planning Commission (NPC) in 2011 is evidence of the need to overcome this institutional disarray that arises at the central and district level, ensuring policy consistency and coordination among various ministries (MoE, MoHP, MoFALD) and the donor community, in the interests of sector acceleration.

At the district level, District WASH Coordination Committees[86] (SCNSA 2010) exist to coordinate the drinking water and sanitation programmes, but the effectiveness of these Committees is very much dependent on the personal working relationships between the LDOs of DDCs and the heads of the WSSDOs. Institutional rivalry and personal antagonisms between these two institutions, and with other sectoral agencies under the Ministry of Education and the Ministry of Health and Population impede the smooth development and functioning of the sector.

This has also hampered the coordination of I/NGOs working in the districts. Although I/NGOs channel their funds through their own system. In some cases it is found that the programmes and costs of I/NGOs are reflected in the district annual plans for transparency purposes; however, the prioritization, selection, implementation, monitoring and reporting of programme activities do not align with the DDC system (refer Appendix VIII for the District Development Plans of the selected observed districts).

3.2.8.2 Service delivery management

The existing institutional arrangements and service provision approaches deployed offer contradictory and confusing implementation modalities on the ground. The situation is

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[86] The DWASHCC is comprised of Local Development Officers (LDO) of DDCs as chairperson of the Committee and the District Chiefs of Water Supply and Sanitation Divisional (or Sub-divisional) Offices become the member secretary of the Committee. Other district level government line agencies, VDCs, chamber of commerce, NGOs and professional associations are members of this Committee.

further aggravated when the donor community adopts a dualistic approach in their support modality, i.e. 'the government system' where the donors provide the budgetary support through the Ministry of Finance, and/or 'off the government system' where the funds are directly disbursed by the donors themselves through international and national NGOs. This further distorts the service provider market by offering better service compensation than the national government system. Although drinking water is a public service and should be made available to all, it is being implemented through different institutions by adopting different approaches, meaning different implementation structures, fund flow systems, supervision, monitoring, reporting and incentive structures. This also entails different overhead and transaction costs thus leading to cost variation in service provision.

It could be argued that, contrary to much donor thinking, service provision through the government regular system is best, as it builds the local national capacity to implement development programmes through their own system. However, the government system is often criticized for governance failure (corruption, lack of participation and transparency), and for capacity constraints, and thus alternative methods such as community and private sector participation are sought. Moreover, the attitude and morale deficiencies of the government staff, which are the outcome of the larger civil service system and the inherited bureaucratic culture of the nation, have hindered the public service delivery. How to motivate them and to make them discharge their duty responsibly is still the central reform agenda of the government.

Some see that the joint government donor-supported projects are going well, as long as the project is insulated from the government system, e.g. RWSSPFDB, STWSSSP I, II and II, CBWSSSP in the drinking water sector, and UEIP in the urban sector while RAIDP, RRRSDP, etc. are in the rural road sector. Specific project objectives, somewhat easy fund flow mechanism, frequent monitoring and a comparatively better incentive structure have contributed to better performance. However, the model is still far from aligning with

the government system fully in service provision (donor supported programmes and budgets are not structurally integrated and reflected in the government "red book"). In many projects, the international and local employees are hired with a better compensation package, which many government officials see as a source of conflict in service provisions.

3.2.8.3 Financing and resources

RWSSFDB represents a typical QUANGO model. There are other QUANGO model organizations in Nepal such as Poverty Alleviation Fund, Town Development Fund, Solid Waste Management Board, Royal Nepal Airlines etc. This type of institution survives, as long there is perennial funding support from the government, which mainly comes from the donor community, and in some cases as matching funds. The situation becomes vulnerable when funding starts reducing as donors' development priorities change and the government cannot provide the funds required. These types of organizations eventually become a financial liability and are termed as "white elephants" (K.C., Fatta Bahadur 2003, p. 223). They cannot generate their own resources for sustenance. Public Enterprises (PEs)[87] or Corporations, Authorities and State Owned Enterprises (SOEs) are the most vivid examples that have failed in the past (Wagle, B. et al. 2013). The donor-supported development projects implemented through the government are less likely to suffer financially because of the host country's counterpart budget support to the projects. However, there are still plenty of cases where the donor-supported government projects have failed to perform when the donor funding ceases to extend. [88]

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[87] Himalayan Times (2014) "The government spent close to Rs 200 million of taxpayers' money this fiscal year on salary and other expenses of staff in defunct public enterprises" - See more at: http://www.thehimalayantimes.com/fullNews.php?headline=Unproductive+PEs+bleeding+state+coffers+dry&NewsID=418367#sthash.MBf13zSo.dpuf

[88] As an example - "Despite the novelty of a supply-side intervention, however, the effort has not managed to survive the termination of DFID funding. This U4 Practice Insight explores how local ownership, through a combination of actions, inactions, and broader political factors, can dissipate at different stages of the project cycle. Since donor support ended, not a single anti-corruption activity has been continued by the FNCCI." - See more at: http://www.u4.no/publications/the-anatomy-of-a-failed-anti-corruption-project-a-case-study-from-nepal/#sthash.juAFPUOX.dpuf

INGO/NGOs work very closely with the community, but focus on limited physical coverage with resources. They cannot replace the government system and can't make the government follow their system either. However, their presence cannot be denied, especially their outreach to poor people living in the rural areas.

From the transaction cost perspective, it is difficult to establish which service models offer the best option, as no study has ever been carried out to produce evidence for comparative analysis of the models used, although each implementing agency claims that their model is the best by using their own measuring parameters and indicators rather than following standard ones all parties have agreed[89].

3.2.8.4 Accountability

Because of the different institutional arrangements in service provision, the accountability routes employed also differ in each case. At the central level, a unidirectional upward accountability frame exists in the case of the MoUD stream, where the WUC is reporting to WSSDO, and then the WSSDO is reporting to DWSS and finally the DWSS reports to MoUD. Under the MoFALD stream, both vertical (upward-downward) and horizontal accountability frames exist. For instance, DDC holds upward formal bureaucratic accountability to the line department (DoLIDAR) and the ministry (MoFALD), and at the same time, it holds downward political accountability to its constituencies and citizens. It equally holds horizontal accountability, which is less formal, but more in terms of organizational strategic obligations to its other stakeholders (sectoral line agencies, business and professional organizations, civil society, the chamber of commerce of the district). However, in the current situation, where the local elected officials have not existed in local government since 2002, the horizontal and downward constituency accountability appears to be weak.

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[89] Refer to the Project Completion Reports of CBWSSSP (ADB), RWSSS (WB), RWSSP-WN (Finnish), RVWRMP (Finnish), and Gurkha Welfare (Trust).

In the government direct service provision model, the system relies heavily on civil service integrity. There is a greater chance of accountability blurring and distortion because reporting information can easily be asymmetrical, especially concerning any financial transaction that is bound not to be transparent. There is also the possibility of manipulating performance and monitoring reports, and poor compliance in work outputs. All these issues are well reflected in the annual report of the Office of the Auditor General (OAG, 2014).

From the accountability point of view, the community-managed projects offer better scope for community awareness and participation in service provision, where community capacity is built in order to enable the community to make their rightful demands to the government for services. This bottom-up approach, promoted by RWSSDFB and INGOs/NGOs through external support, has made a substantial positive impact on the condition of rural people, but more needs to be done to make a greater and wider impact, considering the scale of accessibility proposed for safe drinking water, because of the organizational constraints these organizations (or projects) suffer from. However, owing to its multi-layered (Smith, S.T. 2014, p. 339) and distorted accountability route in the government system, mainly nonalignment with the local government system, the adaptation and scaling up of the programme are constrained by resources, and the long-term commitment of the government and the donors as well.

The Local Governance and Accountability Facility (LGAF) is established through the joint funding of various development partners (DFID, DANIDA, NORAD, SDC, UNDP) within the broader LGCDP framework under MoFALD in 2010 to address governance and accountability issues at the local level through Civil Society Organizations. Similar initiatives named 'Programme for Accountability in Nepal' (PRAN) and 'Governance Facility' are launched with the support of the World Bank (PRAN, 2011), and the group of

donors (Danish, Swiss Embassies and DFID) (2013) respectively. The compliance monitoring to ensure the civil entitlements in service demand through planning and service delivery is the key feature of LGAF. Their (Civil Society or NGOs) roles in the present context can be applauded when there are no elected officials in the local governments, and so voice and local oversight are lacking. Coordination of these projects seems to be problematic when they do pursue their objective with their own strategies and means.

Moreover, how this arrangement (accountability and governance support programme) will work when the state enters into the new federal and local government structure with elected officials, and whether these social and civic organizations continue to receive the funding support from donors (Swiss, Norway, Danish Embassies, World Bank, ADB, USAID, GIZ, UNDP, JICA and DFID or other means) for this purpose, may leave this arrangement in question.

3.2.8.5 Transparency

Transparency has become the subject of mutual recrimination in Nepalese public affairs (Weaver, C. 2015; Newar, N. 2013; Subedi, A. 2015). This has remained an issue in the government working system for a long time. However, the issue is not only linked with the government, but also associated with INGOs' and NGOs' functioning as well. The government has often asked INGOs and NGOs to make their activities and financial transactions transparent, while INGOs and the Donors have expressed their dissatisfaction over the poor governance and lack of transparency in government. Financial transparency, particularly in service and materials procurement has become the main issue in both the public and the NGO sectors. The seriousness of this issue may be deduced from the establishment of the Public Procurement Monitoring Office under the

Office of the Prime Minister and the Council of Ministers[90]. This office exclusively deals with public procurement issues and facilitates the procurement process. However, the service of this office at the time is limited to central level procurement activities only.

At the moment, many local government procurement issues related to corruption are within the purview of the Commission for the Investigation of Abuse of Authority (CIAA), the apex anti-graft body of the country and its representatives, the District (Administration) Offices, in the districts.

In the case of the third sector (I/NGOs) stream, being out of the government system, ultimate accountability lies with the funders who provide funds to them (i.e. this extends back from CBOs or local NGOs to national NGOs, to INGOs, and then from INGOs to foreign donors or embassies). A reporting system is maintained with the Social Welfare Council, which is more of a ritual exercise, rather than an evaluation of the impact of the programme interventions made by these INGOs and NGOs, for policy and programme coordination at the national and district levels. Transparency in the selection of NGOs and the funding of them by INGOs and donors, particularly the foreign embassies in Kathmandu, is an issue (Singh and Ingdal, 2007) often raised by the government, media and local NGOs.

3.2.9   Conclusion

The drinking water sector of Nepal has been doing well, as has been claimed by the government (SEIU 2011). But at the same time they have acknowledged that more needs to be done from the water quality and functionality point of view. The government programme and the donor support remain very crucial as a means to augment the accessibility of services. A positive thing about the sector is that relatively well-defined

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[90] For more information on the public procurement monitoring by the Prime Minister's Office of the government of Nepal see http://www.ppmo.gov.np.

and adequate legal and policy frameworks are in place to support drinking water services. In the past Nepal has tried, and is still trying, various types of service provision approach for rural drinking water. This has brought some innovative ideas (or approaches) into the sector to address the drinking water issues, but at the same time, it has also created problems, particularly due to the government's weakness in dealing with the differences of the donors' interests, and their influence on the service delivery approach.

Despite operational mismatches between DDCs and WSSDOs in the districts, consistent policies – such as universal target achievement by 2017, community (user groups) participation (20% of total scheme costs), focus on functionality and quality improvement, and stakeholder coordination at the national and district levels – have been implemented. However, the transformation of policy into action has suffered from the institutional variations in structure, and the implementation arrangements of the actors (various ministries, departments and agencies, I/NGOs, and donors) and their accountability routes. This gives the impression of a sector that is institutionally fragmented, and service provision that is far from integrated between organisational levels. As a result, some common weaknesses have emerged in the management of the rural drinking water service delivery at the operational level. These include the role of public agencies, including DDCs, which appear to be weak in terms of regulation, oversight, supervision, monitoring and ensuring compliance in service provision, both by their own staff and by the third party service providers. This may reflect a lack of organizational capacity, but the issues of leadership may also be involved.

Conclusively, the main issue still remains as to why the overall performance of public services appears to be dismal (OAG 2014). Perhaps a deeper understanding is required from the inter-organizational perspective as to how service delivery transaction is being carried out between the different sectors, how accountability is structured in the service transactional relationship and compliance ensured.

CHAPTER FOUR

4.   Research design and methodology

This chapter sets out the research context and then discusses the research objective, research design, analytical framework and methodology used. The chapter demonstrates how the research is underpinned by 'Agency Theory' (AgT) and 'Activity Theory' (AcT), and how the accountability features of the public service transaction can be framed in terms of Agency Theory, and further, how such transactions can be used in assessing the organizational relationship involved in public service delivery by applying Activity Theory.

The research takes as its focus the service provision relationship between Nepal's 75 DDCs and local Water Users' Committees (WUCs) for rural drinking water schemes, a relationship that is enacted through district annual plans, in which the needs of communities are identified, prioritized and in some cases politically negotiated for final implementation. This relationship also entails the construction of drinking water schemes, wherein DDCs provide financial and technical support to water users' committees to build the system. The community assumes scheme implementation responsibility with certain resource participation. The legal basis for this service provision relationship is provided by the LSGA 1999, LBFAR 2007 and DWR 1998, and this transaction relationship between DDCs and WUCs pertains throughout the country.

4.1   Participating districts

The research examines the existing rural drinking water services implemented by the seven District Development Committees (DDCs) of Nepal (see Figure 12 for the geographical location of the districts). The names of the districts observed are:

i. Syangja

ii. Tanahun

iii. Rupanedhi

iv. Nawalparasi

v. Parbat

vi. Baglung, and

vii. Pyuthna

Figure 12: Map of Nepal and the districts under observation

Among these seven districts, two districts - Rupandehi (880,196 population) and Nawalparasi (643,508 population) representing the Terai plain region, are highly populated districts compared to all five hilly districts - Tanahun (323,288 population), Syangja (289,148 population), Baglung (268,613 population), Pyuthan (228,102 population), and Parbat (146,590 population). This also implies the population density, since the terai districts have higher density compared to the hilly districts. Interestingly, the sex ratio indicates that women have overtaken men in numbers, both in the national average (100 women: 94 men) and the average value of the seven districts (100 women: 86 men). Among these districts, the hilly districts have a high sex ratio gap compared to the Terai districts. Brief information about the districts in terms of their household and population size and density is given in Appendix I.

Apart from the geographical feature, what distinguishes the terai districts from hilly districts is the social composition of ethnicity. Although Terai is a mix of different enthnic groups, the presence of Tharu (indigenous tribal community) and other minorities such as Yadab, Muslim, Chamar, Harijan and Dhobi are significant. Economically, the Terai districts are fertile for agricultural ouptuts and vibrant for trading because of their close promixity to the Indian market.

These districts have been selected because they are probably the first sub-national bodies to engage service providers directly for the provision of rural drinking water for communities. Unlike other service delivery models, in which donor-supported projects implement schemes in the name of or on behalf of DDCs, in this model the DDCs take full responsibility for hiring the service providers on a contractual basis to provide technical support to water users' committees in order to implement the drinking water schemes in the country. To some extent, therefore, this model also challenges existing service delivery models (so-called 'community approach models') under the QUANGO and I/NGO streams (refer to Chapter 3.2.6.3/4).

However, it is not the intention of this research to compare the different models in terms of efficiency and effectiveness of results, but to see how accountability features in the rural drinking water service delivery transaction are embedded, and how these accountability features help to understand the service provision relationship between the organizations involved in service delivery.

DDCs use service providers (SPs) to provide technical services to WUCs on behalf of DDCs. The services procured by DDCs from SPs are purely technical services in which the funds for the actual construction of schemes are not included. The financial transactions take place between DDCs and WUCs, for which the latter have opened bank accounts into which DDCs transfer the scheme construction funds. WUCs pay the cost for construction materials from the funds they have received from DDCs. The payments for the special (skilled) works would also be made by WUCs; otherwise for most of the construction work, Water Users' Committees' members contribute the labour. For technical services, DDCs pay directly to the SPs. This is because according to the LGSA 1999, LBFAR 2007 and Rural Water Supply and Sanitation National Strategy and Policy 2004, WUCs cannot procure the services directly from the service providers, especially the use of heavy equipment and technical consultancy services. For this, DDCs are made responsible to assist WUCs. The regulation also prohibits the WUCs to implement any drinking water scheme of over NPR 6,000,000 (approx. GBP 45,000). This has constrained the scope of WUCs, since the cost of materials and labour has been increased drastically after 2004 (when the policy was made effective for the total cost ceiling of a drinking water scheme allowed to WUCs).

4.2　Research objectives and key questions

The research aims to understand what types of accountability features characterise the drinking water service delivery transaction, and how these accountability features influence relationships between the organizations involved in service provision at sub-national (district) level in Nepal.

The following key research questions were formulated to understand the service delivery relationship through accountability features:

- What types of accountability features characterise the public service delivery transaction?
- What types of relationship behaviour do the organizations (DDC, WUC and SP) involved in service provision exhibit?

Other sub-questions that may trigger an understanding of public service delivery are:

- What are the implications of the different theoretical concepts of public service relationship?
- What are the respective potentials and limitations of existing service delivery approaches?

4.3　Research design

Taking into consideration the research objective and the key questions to be addressed through this research, the design adopted for this research is the 'nested case' (Thomas 2011), with seven DDCs nested in a whole single case frame. However, the research method used in the research is a qualitative method. The design is 'qualitative' because the case study sets out to capture the subjective social relationship more precisely and appropriately with a narrative explanation of the reasons, particularly in defining and determining the service provision relationship and process between the actors involved.

The case design works at three levels: it is descriptive (Merriam 2009) in that it presents the whole process of service provision; it is explanatory (de Vaus 2001) in that it explains how the service provision relationships are forged, and it is theory testing (Bassey 1999) in that it tests the service delivery theories or paradigms, particularly Public Administration (PA), New Public Management (NPM), New Public Governance (NPG) and their epistemological roots (political science, social capital, market economy).

At the same time, the research has used quantitative analysis for additional rigour, especially in terms of quantifying the service transaction relationship in terms of accountability features to support the qualitative outcomes, which is presented in Appendix IX.

The data gathered by the information-seeking approach is deductive in nature and takes the reductionist (Thomas 2011) view regarding narrowing down to explain the relationships of the actors in service provision from the organizational point of view, and to examine the contents of this relationship, i.e. the accountability features. The interpretation of the findings is inductive as it derives from a micro-analysis of the contents of the accountability features of the transaction between the actors (DDC, WUC and SP) in the service delivery process and then to meso-analysis of the relationships of actors at the organizational level, and finally to macro-analysis at the institutional level. The analysis is representative (Yin 2009) too, in the sense that it fairly represents the national context of the rural drinking water supply situation in Nepal.

4.4   Analytical framework

Since the objective of this research is to understand the service provision relationship of the organizations involved from an accountability perspective, Table 8 gives a broader outline of the analytical framework. Service transactional relationships are examined at

the micro-level, on the basis of accountability features, following the World Bank's accountability framework (WB 2007). Based on the results of this assessment, the organizational relationships of these three actors are appraised at the meso-level from the objective, strategy, structure (Batley 2011) and financial aspects of the organizations concerned. And finally, at the macro-level, the institutional relationship is considered, based on the findings of the organizational relationships, but through the lens of institutional features i.e. the actors' origin[91], purpose and roles.

Table 8: Outline of analysis

Level	Approach used to diagnose relationship	Aspects used to examine the relationship	Theoretical application for analysis
Macro	Institutional	Origin Purpose Roles	Activity theory
Meso	Organizational	Objective/Strategy Structure Finance	Activity theory
Micro	Service delivery transactional	Accountability features	Agency theory

As mentioned earlier, the theoretical application of an analytical framework for this research is drawn from two theoretical bases through which the information is gathered, and the arguments regarding service provision are built upon. These theoretical frameworks are:

- Activity theory (AcT) for meso- and macro-analysis
- Agency theory (AgT) for micro-analysis

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[91] 'Emergence' has been taken as a dominant feature of institutions and is considered here as the origin of institutions.

The logical relationship of these two theories for analysis is presented in Figure 13 depicting how the accountability features have been transformed into a service delivery transaction and then into the organizational and institutional relationship respectively.

Figure 13: Application of analytical framework in rural drinking water service provision
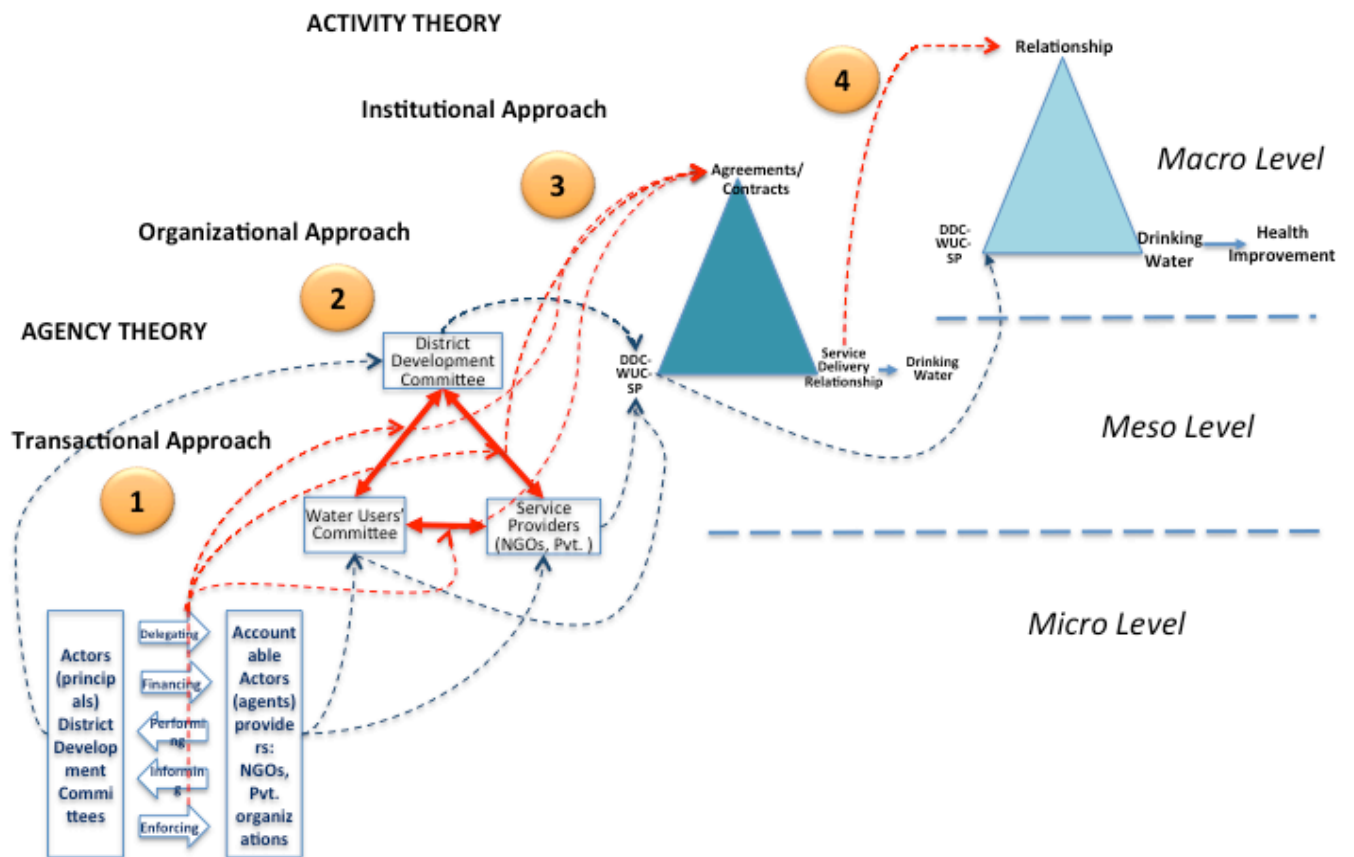
4.4.1 Activity Theory (AcT)

This theory provides the meta-analytical framework for the service provision construct in terms of subject, mediation (tool) and object that together trigger the outcome. It is not, according to Leadbetter (2008 p. 209), "just a static, descriptive or analytical modelling device: it has been developed to be used as a way of engaging with organizations to examine and expand efficient working practices".

Fjeld et al. (2002) and Nardi (1995) attest that AcT provides a method of understanding and analysing a phenomenon, and that it is a goal-directed process from subject to object through the use of tools. This theory has been extensively used in the social welfare sector (for instance, in education, children's services, and health care). It has evolved through three generations. The first generation of activity theory was formulated based on Lev Vygostsky's (1978) concept of mediation (Daniels, 2008) in terms of the artefact, or tool, or instrument (for example, a machine, writing, speaking, gesture, architecture, etc.) that mediates human action. By that means, subjects' attainment of their objects can be expressed diagrammatically in a triangular form that illustrates the motivation required to achieve the outcomes. See Figure 14 for a simple illustration.

Figure 14: First Generation of Activity Theory
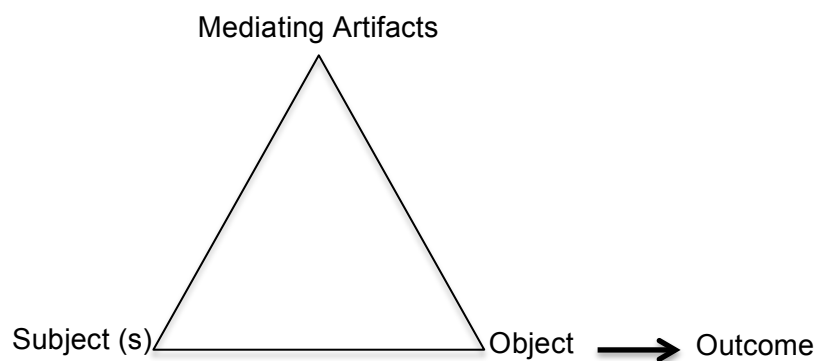
Source: Adapted from Engestrom (1999, p.30)

Engestrom (1999a) improved this first generation of activity theory in 1987 by expanding this triangle. He added three more features: 'rules', 'community' and 'division of labour'; this gave the theory a much wider 'macro-level' analysis that emphasizes contextual and historical factors (Leadbetter 2004, Leadbetter et al. 2007). Figure 15 illustrates the second generation of AcT and Table 9 provides the main features of it.

Figure 15: Second Generation of Activity Theory

Mediating Artifacts

Subject (s)   Objec ——▶ Outcome

Rules   Community   Division of labour
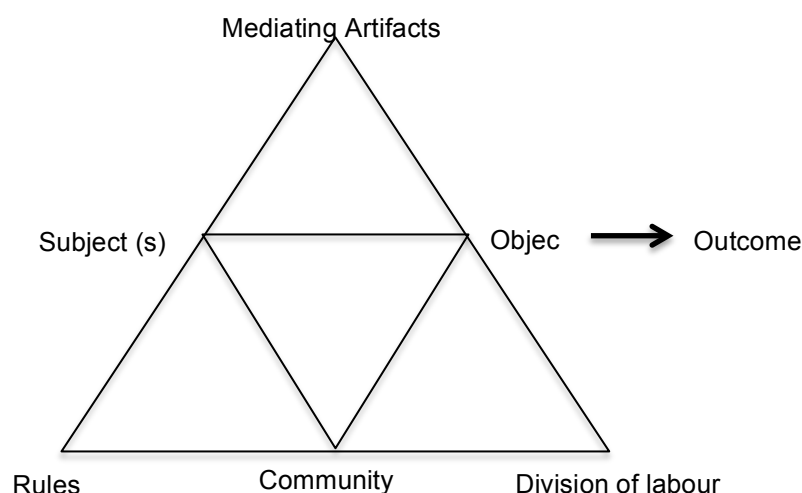
Source: Adapted from Engestrom (1999, p. 31)

Table 9: Nodes and functions of activity system

Node	Function
Subject	This refers to an individual, group, community or dyad taking action.
Object	This refers to the process of being worked on, acted on or the focus activity which is characterized as object-oriented.
Outcome	This refers to what is expected to be achieved.
Rule	This reflects what either supports or constrains the work of activity. This could be national legislation and requirements. Agreements, ethical guidelines, accountability framework.
Community	This refers to whoever are involved in the work or activity such as family or community members, representing the wider socio-cultural influences.
Division of labour	This refers to role demarcation and role expectation: who does what, how and why. It includes professional skills.
Mediating artifacts	This is the mediation process that takes place between the subject and the object in order to achieve an outcome.

Source: Adapted from Leadbetter (2004, p135; 2008) and Greenhouse (2013).

The third generation AcT (Figure 16) propounded by Engestrom advocates the concept of instability, tension and contradiction as the 'motive force[s] of change and development' (Engestrom 1999b, p.9), evolving the theory beyond the boundary of a single activity system, by including interaction with the environment which results in new activity systems. From this it is clear that activity theory has provided a means of examining the

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process of the multi-agency working environment (Greenhouse 2013). The relationships between multi-organizational and inter-organizational networks through alliances and partnerships, and the collaborative constellations between organizations (Engestrom and Kerosuo 2007) are also embodied in the Actor-Network Theory. But what distinguishes Activity Theory from Actor-Network Theory, according to Engestrom and Kerosuo, is that in Actor-Network Theory the notion of 'object' has only a very general meaning that covers all artefacts, and this dilutes the potential analytical power of the concept.

Figure 16: Third Generation of Activity Theory
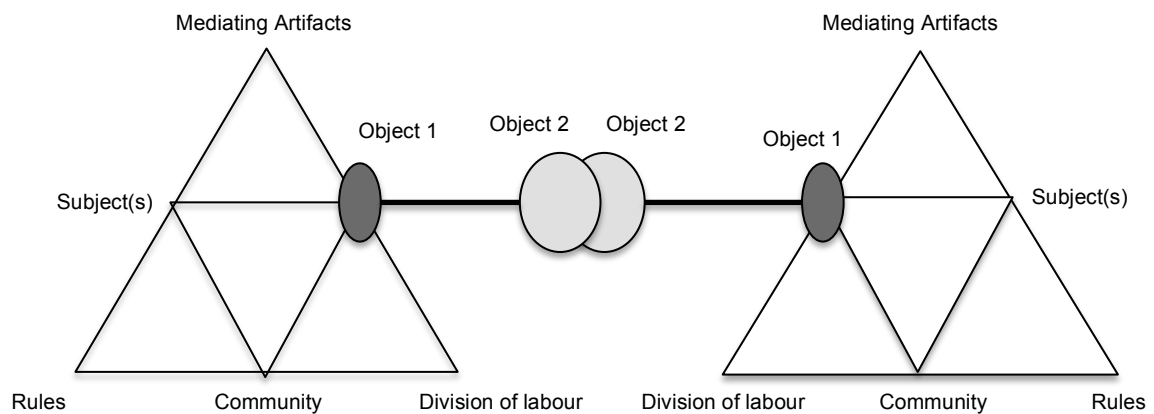
Source: Adapted from Engestrom (2001, p. 136)

4.4.2 Application of Activity Theory

For this research, application of all three generations of activity theory is considered, but recognising the limited scope of the second and third generation AcT to provide an appropriate level of understanding. The basic foundation of first generation AcT, featuring the Subject, the Object, the mediating Artefact, and the Outcome are used for meta-analysis with second generation 'rules' at the organizational (DDC, WUC and SP) levels. Third generation AcT entails 'expansive learning' in a multi-organization or agency setting. This is because the tension in organizational relationships offers a unique opportunity to examine the activity of the actors (in this case DDC, WUC and SP). This results in the

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creation of new knowledge and practices, resulting from the newly emerged conflicting (or collaborative) relationships which can be observed between them (Daniels et al. 2007), which eventually provide critical assessments of the theoretical discourse in public service delivery.

The major features (or nodes) of AcT are seven, but only five features are used extensively to safeguard the result analysis of the study at two levels (see Table 10).

Table 10: Application of AcT Nodes

Node	Organizational level	Institutional level
Subject	DDC, WUC and SP are the subjects engaged in the activities in the whole activity system.	Same organizational subjects become the subjects for analysis at the institutional level but more from 'actors' and its external relationship perspective.
Object	Service provision relationship among the actors (DDC, WUC and SP) is the object required to achieve outcome.	Drinking water becomes the object at the institutional level.
Outcome	Drinking water is the desired outcome of the activity system that motivates the subjects (DDC, WUC and SP) to act in relation to each other and achieve this outcome with the help of artefacts (or tools).	Here the outcome is 'living standard' which is a higher level of outcome at the institutional level from the organizational level.
Artefact (Tool)	Tools for mediation, also known as instruments (the contract, agreement or other forms) – mediate between the subjects (DDC, WUC, with or without SP) and objects (service relationship) to achieve outcome (drinking).	Here the tool for mediation is 'organizational relationship' at the institutional level.
Rules	Legal, policy and other institutional frameworks that affect the whole functioning WASH service provision system.	The same legal and policy environment is considered as the framework during the analysis.

Source: The nodes are constructed based on extensive deliberation of the literature combined with practical knowledge of the subject matter by the researcher himself.

The application of the theory for analysis is considered at two levels, the organizational and the institutional, hence the use of the two units of analysis as the artefacts. At the organizational level, the unit for analysis as mediating artefact is the "means of

compactness"[92], and at the institutional level, the unit of analysis is the "relationship" the actors hold in service provision. This entails a successive transformation of the same analytical framework at different levels from the organization to the institution. Figure 17 depicts the use of activity theory in the rural drinking water service provision frame at the district level.

For this case, the organizational level artefact is the working relationship (contract, agreement or other form of relationship means) within the nexus of three organizations, the particular District Development Committee (DDC), Water Users' Committee (WUC) and Service Provider (SP) which have forged the service provision relationship. This contractual relationship is studied in detail by applying Agency Theory that shows how the service provision relationships (object) are forged among the subjects (DDC, WUC and SP) in order to achieve the service delivery outcome (drinking water). These relationships are further examined at the institutional level, from the actor-relationship point of view, for a broader understanding of the public service provision in general.

Figure 17: Transposing the activity theory in service provision

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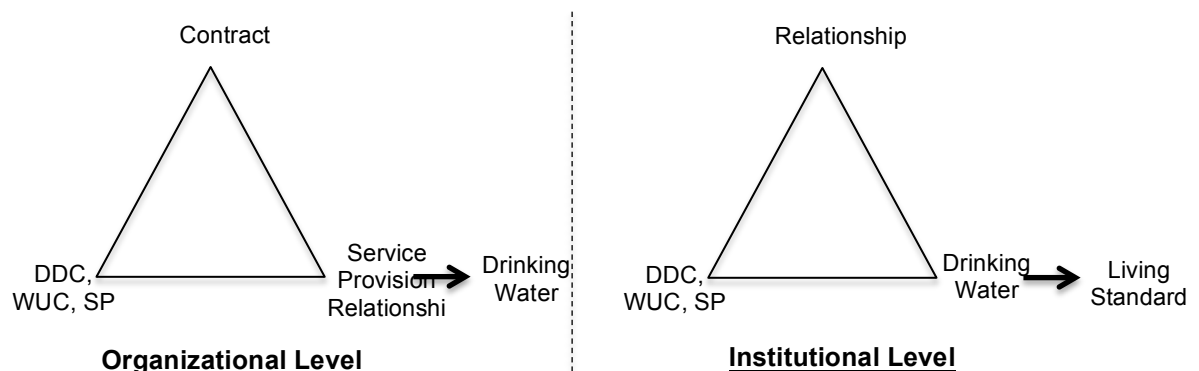
[92] 'Means of compactness' are the accountability features. These are delegation, financing, performing, reporting, enforcing (WB 2004) and arbitration.

4.4.3 Agency Theory (AgT)

While Activity Theory (AcT) offers a meta-analysis framework for the drinking water service provision relationship from the actor perspective, Agency Theory (AgT) has looked into the service provision relationship between the actors (organizations) from the 'compactness' (i.e. accountability features) perspective. Therefore, AgT is used to understand the organizational relationship in service provision from the micro-analytical point of view. To further reinforce the notion of organizational relationship, Ross (1973, p. 134) is of the opinion that the theory of agency deals with the relationship of agencies which:

> "…has arisen between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as representative for other, designated the principal, in a particular domain of decision problems".

AgT is found extensively theorized almost in every social science discipline and sub-discipline. According to Eisenhardt (1989), this theory has been applied in any number of fields, such as accounting (Demski and Feltham 1978), economics (Spence and Zeckhausar 1971), finance (Fama 1980), marketing (Basu, et al. 1985), political science (Mitnick 1986), organizational behaviour (Eisenhardt 1985, 1988; Kosnik 1987), and sociology (Eccles 1985, White, H. 1985).

The theory emerged here particularly in relation to the problem that arises over how compensation (an incentive) determines the behaviour of an agent in a way which is consistent with the principal's preferences. Hence, it is the nature of the incentive that is inbuilt in the service delivery relation that determines the behaviour of the agents, whereas the nature of the risk associated with the service delivery transaction and information sets the condition of choice for the actors involved (Mitnick 2006).

The common underlying assumption of this theory is that the 'principal' is too busy to do a given task, and for this reason, it hires an 'Agent' to do the job; but it is assumed that the principal for some reason cannot monitor the performance of the agent, and the agent manipulates the information. It is further assumed that both principal and agent are motivated by self-interest, although an agent is supposed to act in the sole interest of the principal, which should be the common objective of both parties once the contract is made. When the agent has failed to work in the interest of the principal then "Agency Loss" has occurred. This is the difference between the possible outcome for the principal and consequences of the acts of the agent[93]. Table 11 presents an overview of Agency Theory.

Table 11: Agency theory overview

Key idea	Principal-agent relationships should reflect efficient organization of information and risk-bearing costs
Unit of analysis	Contract between principal and agent
Human assumptions	Self interest
	Bounded rationality
	Risk aversion
Organizational assumptions	Partial goal conflict among participants
	Efficiency as the effectiveness criterion
	Information asymmetry between principal and agent
Information assumption	Information as a purchasable commodity
Contracting problem	Agency (moral hazard and adverse selection)
	Risk sharing
Problem domain	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g. compensation, regulation, leadership, impression management, whistle blowing, vertical integration, transfer pricing.

Source: Adapted from Eisenhardt, M.K. (1989)

Notwithstanding all the elements and assumptions about AgT that are mentioned in Table 11, three elements that directly influence the service delivery relationship between the actors are:

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[93] For more information see http://sevenpillarsinstitute.org/morality-101/agency-theory/agency-theory.

- the 'unit of analysis', which is the contract as the medium artefact of relationship,

- the 'organizational assumptions', that is the participants' goal in service delivery, and information asymmetry between principal and agent about the performance reporting of agents,

- the 'contracting problem' arises due to agency moral hazard and inappropriate risk sharing.

To sum up, AgT deals with the agencies (individual or organizational) involved in performing certain tasks through a contractual relationship. This contractual relationship defines the incentive structure in order for an agent to perform the tasks according to the principal's terms. However, the contractual relationship fails when a conflict arises mainly due to the failure of principals to verify appropriately the performance of agents and the sharing of the risk associated with the contractual arrangement.

4.4.4   Agency theory and public service delivery

Although AgT has been used widely in the organizational behaviour and business management domain (Alchain and Demsets 1972, Eisenhardt 1985, Jensen and Meckling 1976, Bahli and Rivard 2003), it later appeared prominently in the arena of public service delivery following the publication of the 'World Development Report 2004: Making Services Work for Poor People' (WB 2004). In the report, the framework of the accountability relationship is discussed in the service delivery transaction loop, and it is concluded that strengthening the relationship would help to make the service delivery effectively address the poor. Moreover, through accountability features, AgT particularly addresses the issue of how the public sector interacts with the market in public service provision, because, as the World Bank puts this:

> *"Why pure public sector production often fails – and why pure privatization is not the answer." (WB 2004, p. 46)*

Traditionally, there are two institutional arrangements for service provision, public production and market production, or the combination of both. The fundamental notion of public production is that governments assume prime responsibility for the welfare of their citizens, and the most effective way to fulfil these responsibilities is by producing the goods or services directly through public sector organizations with civil service employees (WB, 2004). On the other hand, the goods and services are produced through a market. Customers buy where they get the best value for the services of their greatest satisfaction. The customers have choices. So do the providers, who therefore offer a variety of services. The beauty of the market is that providers have a wider opportunity for innovation to suit the clients' needs and preferences.

However, the market often fails to meet the needs of the public in general and particularly of the poor. The policy choice between a public or private provision in service delivery is conditional upon many factors (socio-political and economic) and it has remained a challenge to all governments around the world.

However, looking at the public service provision from the accountability perspective reveals a different dimension and a different understanding of public service delivery, one that emphasises governance and institutional concerns. Moreover, the application of AgT provides an analytical framework to probe the institutional causes of the poor performance of services in depth (WB 2004, p. 55).

4.4.5 Actors in rural drinking water service

Although this research has used AgT for microanalysis of the transaction relationship in service delivery, as the World Bank has illustrated (WDR 2004), there are some differences in its application in this research.

These are:

Actors: the terms used in the WDR are the 'State', 'Citizens/clients' and 'Providers' as a general case. However, in this research this framework is applied to rural drinking water service provision made by the District Development Committees (DDCs), and these being public organizations are considered to be the State. Likewise, the Water Users' Committees (WUCs), which represent users as beneficiaries, are considered as the Citizens, but at the same time service implementers as well, because they enter into the service transaction relationship with DDCs to implement the drinking water schemes. The third parties that provide technical services regarding drinking water to the WUCs on behalf of DDCs are considered the Service Providers (denoted as SPs). In this research, all the SPs are intermediary NGOs (Brinkerhoff 1999, p. 64, Cameron 2006, p. 91).

Relationships between the actors vary on account of organizational characteristics. This research has looked into the "Compactness" of the relationship between DDCs and the Service Providers (NGOs); and the relationship between DDCs and WUCs, which is unlike the "Voice" that links the DDCs as state and WUCs as citizens. This is because the role of WUCs is more of service implementers than citizen representation. In a way, WUCs are also wholesale service providers to their user-members.

Application of the WB framework in service delivery is targeted at the poor, i.e. via an inclusive approach. In this study, this framework is applied to rural drinking water services, and aims to illuminate the service provision relationship between these actors (DDC, WUC and SP) by applying the same accountability features (of WB, 2004) in a service delivery relationship. Figure 18 depicts how the accountability framework fits into this research context.

Figure 18: Rural Drinking Water Service Delivery Transaction Compactness
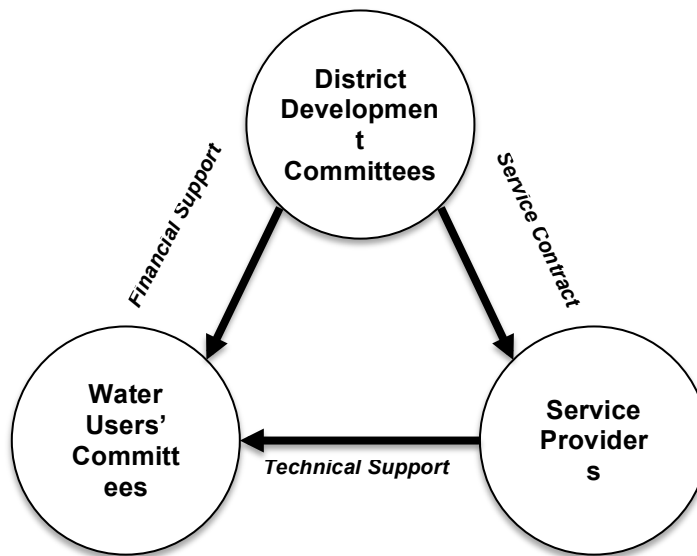
DDC as the State: A state as an actor enjoys through its political mandate the legitimacy to govern the state's affairs. Through this legitimacy, politicians derive the power to regulate, and to enforce these regulations (WB, 2004). Others that assume these responsibilities under state legitimacy are policymakers, civil servants and other government appointees representing the government. According to WB (2004, p.49) "politicians set general directions, but policymakers set the fundamental rules of the game for service providers, to be operated by regulating entry, enforcing standards, and determining the conditions under which providers receive public funds".

At the sub-national level, the District Development Committees (DDCs) in Nepal assume all these three responsibilities: setting the development agenda, i.e. direction, making policy based on the local agenda and implementing these policies in the form of plans, programmes, and projects. Hence, they can be considered both the politicians and the policy makers and implementers as well, because they are the local government at the district level. The local politicians are elected to DDCs from the different political parties through local elections, and they are the policy makers at the district level. They frame the policy and implement it, through the local administrative management structure.

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Unfortunately, since 2002, no local elections have been held. Since then the central government has deputed civil servants to run DDC affairs. But DDCs still serve as the frontline offices of the government, directly dealing with the day-to-day affairs of the public in general compared to any other agencies or field offices of the government. In this research, in the given political void, the role of DDCs is more one of policy makers than politicians. This is because the current situation offers less prospect of the DDCs taking the politicians' role, as there are no elected officials.

While implementing plans and programmes, DDCs, as the front line bureaucracy in the districts, engage themselves with the social and private sector actors. As implementers, DDCs have performed two tasks. The first task is to provide financial support to WUCs, the funds which DDCs receive as part of the central government grant to implement social infrastructure services. The second task is to purchase technical services from the market, and provide those services to WUCs – especially in the areas of social mobilization, construction of drinking water schemes, establishment of accounting, management and governance systems – as part of the technical and capacity-building support they give to WUCs.

Users' Committee as Citizens and Clients: Individuals and households play a dual role in service provision. As a citizen, either as an individual and/or through coalition (communities, unions, political parties, social and business associations, etc.), they participate in the political process for collective objectives. As clients, they act as consumers, and expect to receive services such as water, education, and health from service providers. Hence, what kind of roles they, as citizens or clients, play, depends on with whom, either politicians or service providers, they interact or maintain the relationship in service provision. The cautionary interpretation here is that the role of citizen and that of client as service beneficiary do not necessarily hold the same meaning. Likewise, many

civil societies do not necessarily inherit the characteristics of communities (e.g., self-help groups) and individual beneficiaries (as consumers).

In this research, WUCs take the role of the users' associations, representing their members' collective interest rather than citizens and clients. However, at the same time, their contradictory roles as providers within the community, as 'self service providers', and as the members of WUCs when they are 'clients' or service receivers cannot be ignored. In this sense, the role of WUCs is dualistic, and so they are further scrutinized for their roles as service receivers (mainly of financial support) from DDCs, and as service providers for their members as well. For this research's purpose, the role of WUCs as service receivers (financial and technical support) is taken into consideration rather than as providers, and accordingly the compactness in relationships between DDCs and WUCs is observed.

NGOs as Organizational Service Providers: There are several types of organizational forms of service provider. Its nature can be that of a public or social or community organization. Choosing the right type of organizational form as a service provider is perhaps a difficult task, because each type of service provision attracts a different type of incentive structure in the service delivery chain. It has moreover been conditioned by the politico-economy of the country, and by the policy adopted by the government.

For this study, the service providers are the social and private sector organizations. In Nepal, it is difficult to distinguish the organizational characteristics of the social sector, especially the NGO type of organizations, in terms of their behaviour and performance. Many of the NGOs in Nepal are registered as social associational organizations, but they are motivated by financial gain rather than by servicing the community. In recent years, their participation in the service development market through competition has made Nepalese NGOs more market-oriented. In the area under study, NGOs are the service

providers which enter into the service provision relationship with DDCs, in order to provide technical assistance to WUCs on behalf of DDCs in the planning, construction and management of drinking water schemes.

Hence, throughout the rest of this research the term 'Service Provider' (SP) denotes the actor or organization which is the intermediary service provider NGO, whose organizational characteristics are associational but not participative and inclusive like a self-help grass roots organization, e.g. users committee.

4.4.6   Accountability features

According to the World Bank ('World Bank Report 2004: Making Services Work for Poor People' p. 47) "accountability is a relationship among actors that has five features: delegation, finance, performance, information about performance, and enforceability" (Figure 19). For the microanalysis in this study of the accountability transaction in service delivery, one more feature, that of 'arbitration', is added to this list. From the accountability feature perspective, the responsibilities of a principal in the service transaction relationship are the delegation, financing and enforcement of the tasks. At the same time, the functional responsibilities of an agent are to perform the tasks as per contractual obligation and to provide the information about the performance of tasks to its principal.

In order to have better accountability there must be a fully reciprocal arrangement of these features. For instance, enforceability by the principal will be unfair if the agent (also known to the provider) does not have clearly delegated and precisely specified desired objectives (or outcomes). Similarly, it is also unfair and ineffective if the agent is held accountable for poor outcomes when the principal has refused, or is unable, to provide adequate resources to agent. It is also stressed that caring about an outcome is not good enough, unless the actors involved in service provision put up a "stake" (WB 2004, p. 47).

Figure 19: Accountability features
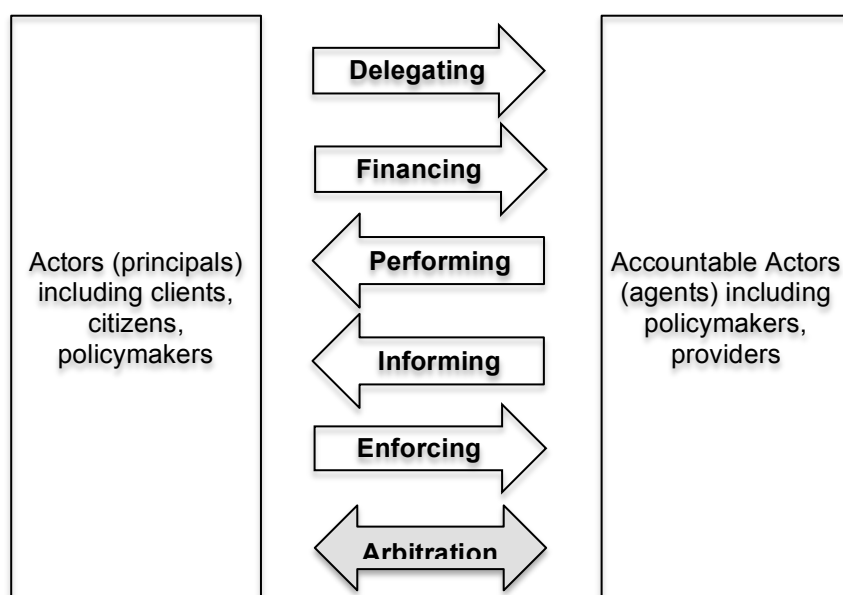
Source: Adapted and transformed from WB, 2004

For micro-level analysis in the successive deliberations, these six accountability features have been used to examine the level, type and nature of the service delivery relationships between the actors involved in the country's rural drinking water service provision, with DDCs as principals, and WUCs and NGOs as agents. All the research instruments employed are deliberately based on these accountability features with regard to how they are transacted in service provision. The contents of each feature are provided in Table 12.

Table 12: Adapted accountability features

Principal (DDCs)	Deployed contents in this research questions for both DDCs and SPs	Agents (WUCs and NGOs)
Delegating >	1. Tasks, roles and responsibilities	
Financing >	2. Financial provision (mode of payment/disbursement, payment time, approval procedure…)	
	3. Deliverables, outputs, targets set for work /assignments. 4. Time duration for tasks/activities; time bound implementation.	< Performing

	5. Work progress reporting (format, channels, levels, time and frequency)	< Informing
Enforcing >	6. Enforcement in case of failure to comply terms and conditions	
Arbitration >	7. Arbitration in non-compliance of agreement or contract	< Arbitration

Source: Adapted from WB, 2004 (except 'Arbitration' which is proposed by the researcher himself based on his experience working with the DDCs, WUCs and Service Provider-NGOs)

4.4.7   Methodology

The methodology adopted for this research is primarily qualitative. The objective of the research is to interpret and understand the service provision relationship between the actors, which is very much subjective in nature and thus appropriately examined with a qualitative approach. The quantitative approach is used for illustrative purposes (Appendix IX), to substantiate the qualitative analysis in drawing findings to support both the arguments which are critical of the relationships in drinking water service provision, and those which are not. The relationships in question are both those between the DDCs and the WUCs, and between the DDCs and SPs (NGOs). Figure 20 gives the data collection and information-generation approach that was used for this research.

Figure 20: Information generation and data collection approach
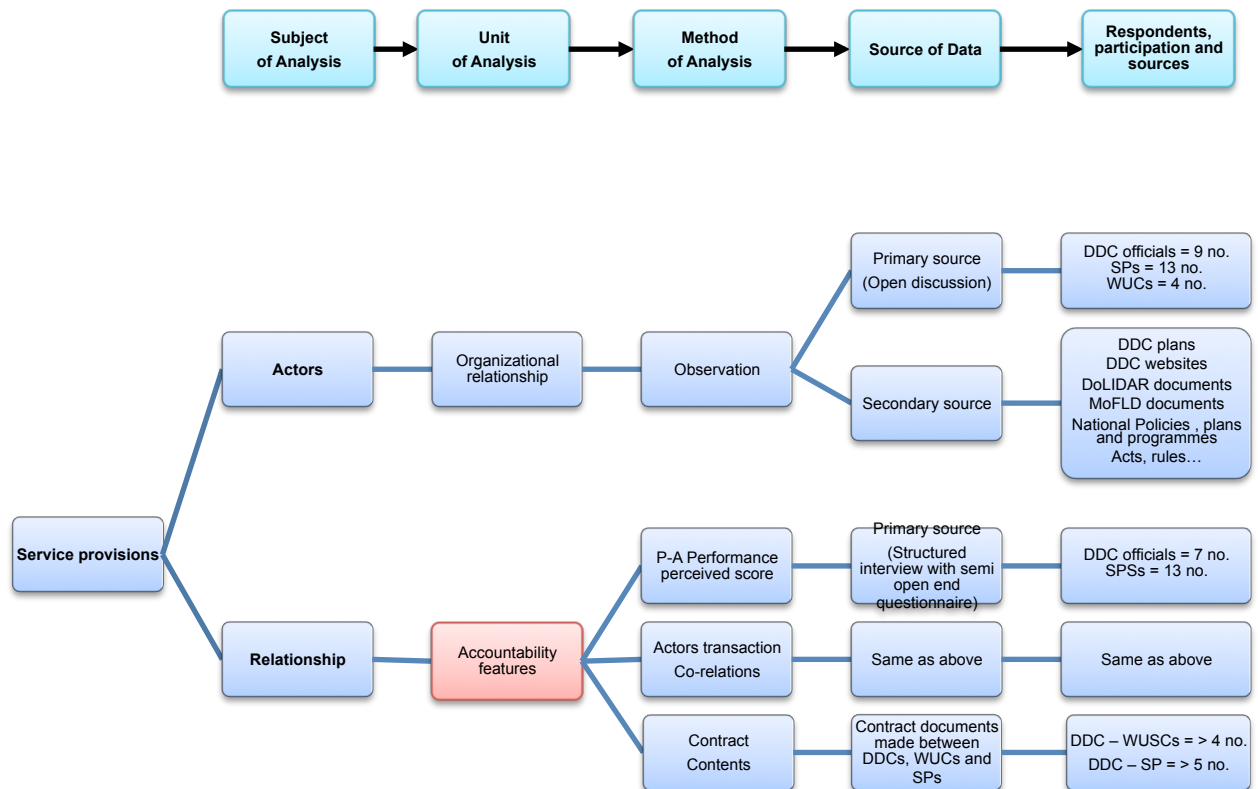
4.5   Sampling

4.5.1   Sampling type

The type of sampling used in data collection is known as 'judgment sampling'. This is a non-probability sampling method, also known as 'purposive sampling'. According to Bryman (2012, p. 418) "the goal of purposive sampling is to sample cases/participants in a strategic way, so that those sampled are relevant to the research questions that are being posed". Marshall (1996) further reinforces this argument by saying that the researcher chooses this type of sampling because it offers to select the most productive

sample to answer the research question. Here a framework can be developed around the practical knowledge of the researcher and the research areas chosen, and it is convenient to have access to the literature and information for research. He (Marshall) further argues that this is a strategic intellectual approach towards the sample type of research.

This type of sampling is becoming more prominent in the field of organizational studies. It eases the selection of units such as organizations, people, documents, and so on with direct reference to the research question being asked (Bryman 2012, p. 416).

4.5.2   Sample representation and levels

In Nepal, there are 75 districts. Each district has one DDC (or local government). Out of these 75 districts, 7 DDCs are chosen for the study (around 10% of DDCs, 11% of households and 10% of the total population of the nation). Refer to Figure 12 for the map of Nepal and the DDCs taken for this study. These DDCs are chosen due to the following reasons.

- Each of these DDCs has implemented drinking water schemes in partnership with drinking water users' committees, with the technical support of a third party service provider.

- All these sampled DDCs are situated within the same physical proximity of development regions of Nepal (six districts in the western region and one district in the mid-far western region). They also represent ecological diversity; four districts are from the hilly mountain area and the other two districts are from the Terai plain area.

- The researcher is personally familiar with the subject matter, working areas and organizational system of the local governments, particularly DDCs.

- Data, information and literature on the sector are easily available.

- The choice is partly motivated by the researcher's desire to test the third party intervention (i.e. service provider) in service provision.

4.5.3   District Development Committees (DDCs)

Altogether 7 officials from 6 DDCs participated in the interviews and discussions. No one from Pyuthan DDC participated, while from Rupandehi DDC 2 officials participated in the interviews. These officials were directly involved in the procurement of SP services and had also been involved in engaging WUCs. They were further responsible for the monitoring of the performance of SPs and WUCs. In some cases, they were also engaged in providing capacity-building and technical support to WUCs when the SPs were not available. These officials are the Chiefs of District Technical Offices (no. 2), District Technical Engineer (no. 1), and District WASH Advisors (no. 4). They are highly qualified technical professionals and all have graduated in civil engineering except one (WASH Advisor) who has a Master's degree in social science. Most of them have worked more than three years in their respective districts, except one with just over 10 months. Two Chiefs of District Technical Offices and one District Technical Engineer were permanent civil servants, and four WASH Advisors were deputed to the DDCs from the bilateral project (RWSSP-WN) commissioned by the Governments of Nepal and Finland.

4.5.4   Service Providers (SPs)

These 7 observed DDCs had made formal contracts with 33 SPs to implement the WASH programme in 40 VDCs (see Appendix II for the details on DDC and VDC-wise drinking water schemes). The majority of these schemes were completed during the period 2009 to 2013 and a few were under construction. These SPs are the institutional SPs that are formally registered with the government. Out of these 33 SPs, only 12 SPs (39%) are interviewed. Refer Appendix III for the details of SPs involved in providing technical services to WUCS on behalf of DDCs. Among these interviewed 12 SPs, two SPs are working in more than one district.

For interview, groups ranging from 2 to 5 officials of the service-providing organizations participated in the discussion, but their views are collectively documented as representing individual institutions. Most of the participants were chairperson/president, vice-chairperson/president, executive director, treasurer, members, programme coordinators, office secretary, health promoter, overseer, or programme officer. These SPs have been in operation for more than five years, and have been involved in a wide range of community development and capacity building programmes. The task to be performed by these SPs, according to the contract, was to provide technical support to WUCs in the implementation of WASH plans, particularly focusing on drinking water schemes in the respective assigned VDCs.

4.5.5 Water Users' Committees (WUCs)

Since there were more than 320 drinking water schemes, almost the same number of WUCs had been established in the 40 Village Development Committees of the 7 observed districts. These WUCs are registered with the District Water Resource Committee under the Water Resource Act 1992. The number of the sampled DDCs and the SPs are given in Table 13.

Table 13: Sampled DDCs

No.	Name of DDCs	DDC officials participated in interview	Service providers participated in interview
1	Baglung	1	
2	Parbat	1	2
3	Tanahun	1	2
4	Syangja	1	2
5	Rupandehi	2	2
6	Nawalparasi	1	2
7	Pyuthan		2
	Total	7	12

4.6   Subject and Unit of Analysis

4.6.1   Subjects of Analysis

The subjects of analysis of this research are 'actors' i.e. 'organizations' and their 'relationships' in service delivery. How the organizations involved in service delivery forged their relationships has been assessed based on the accountability features as referred to in Chapter 4.4.6 above.

4.6.2   Unit of Analysis

The unit of analysis taken at the micro-level is the 'contract' or 'agreement', or in another words, the 'feature of accountability' being transacted between DDCs and SPs, and between DDCs and WUCs. Through these features the nature and intensity of accountability are measured. The unit is measured through i) a questionnaire with structured interviews and discussions held with the DDC officials and the SP officials, and ii) the contents of the contract or agreement documents being made between DDCs with SPs and WUCs for service delivery.

In the successive deliberation, the terms "features or contents of contract or agreement" and "features of accountability" are used interchangeably. All these terms represent the same meaning since the features or contents of contracts or agreements are derived from the features of accountability for service transactions.

At the meso-organizational level, the nature and type of the service provision relationships between DDCs and WUCs, and between DDCs and SPs, have been examined based on accountability features. Here the unit of analysis is 'organizational relationship' but how the relationships of these organizations are influenced by their structure, strategy (objective) and finance have also been observed.

4.7 Instruments

4.7.1 Primary analysis

A structured interview is also known as a 'standardized interview' (Bryman 2012, p. 210). For this research, two separate sets of semi open-ended questionnaire, one each for DDC officials and SPs officials, were used in a semi-structured interview environment. In a way, this is a mixed approach towards generating the information, one that encapsulates both qualitative and quantitative aspects. In general, a qualitative approach interview tends to be less structured compared with a structured interview.

According to Bryman (2012, p. 470):

> *"The structured interview is designed to answer … questions. Instead, in quantitative research, there is an emphasis on greater generality in the formulation of initial research ideas and on interviews' own perspectives."*

In compliance with this notion, the structured interview with an open-ended questionnaire cultivates both more targeted responses from the interviewees, directly addressing the research questions, and, at the same time, obtaining broader views on research issues. Therefore, this instrument fitted appropriately the task of generating the required data and information, as it focused on the working relationship between the actors from the accountability perspective at micro-level. At the same time, it gives enough premises for debate on how these relationships affect the organizational structure and institutional framework, or vice versa, at the meso- and macro- levels in service provision.

The researcher carried out all the interviews himself at the respective interviewees' office premises, except for three. These three interviewees were briefed about the questionnaire beforehand and filled them in by themselves in their respective offices. The researcher himself later collected those completed questionnaires. It took between thirty minutes to

more than one hour to complete a single interview, including filling in the questionnaire, depending on the interest of participants in the subject matter. Following the standard research code of practice (UoB 2014) and ethics[94], all the participants were properly briefed about the questionnaire and interview by clarifying the objective of the research and how their participation helped in fulfilling the research objective by maintaining confidentiality. The interviews were carried out only after obtaining their written consent. Since the questionnaire is of the objective 'tick-box' type, a few open-ended questions were also asked to supplement the objective questions in order to comprehend appropriate required information. Mainly for subjective understanding, the opinions of the participants were asked regarding both the improvement of the contents of contracts and the capacity of SPs and WUCs to implement the contractual (or agreement) obligations. The interviews and meetings took place from March to June 2013 covering six districts.

4.7.1.1 Interviews with DDC officials

A seven-page semi-open questionnaire was administered with the seven DDC officials in the structured interview environment, followed by a freewheeling discussion closely related to the topics. Refer to Appendix IV(a) for a sample of the questionnaire devised for the DDC officials. Each set of questionnaires has 6 major questions, which are further classified into 22 sub-questions and 32 sub-sub questions. The questionnaire is objective in order to examine accountability features in the service delivery transactions, both between DDCs and WUCs, and between DDCs and SPs; and from the DDCs' point of view, to indicate how the DDCs perceived these relationships. Question no. 4 is particularly related to the issues regarding the 'Contents of Agreement' in terms of: tasks, roles and responsibilities; deliverables, outputs and targets; time duration for tasks/activities to be carried out; financial provision (payment/disbursement, time, approval procedure); work progress reporting (formats, channels, levels, time, frequency);

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[94]   For research ethic of the University of Birmingham refer
    https://intranet.birmingham.ac.uk/finance/accounting/Research-Support-Group/Research-Ethics/Ethical-
    Review-of-Research.aspx

arbitration and enforcement provisions. Question no. 5 dealt with the 'Implementation of the Agreement'. Under this, if the agreements made with WUCs and the contracts made with SPs were unsuccessfully concluded or withheld, then what could be the reason for this? Was it because of poorly structured agreements and contracts, or poor supervision and monitoring of these agreements and contracts, or could financial obligations not be met in time? Was enforcement capacity weak?

4.7.1.2 Interviews with SPs

Almost the same pattern of questionnaires was used for SPs, but oriented towards examining the service delivery relationships between SPs and DDCs from the SPs' perspective, to discover how the SPs perceived this service transaction relationship. Like the questionnaires used for DDCs, this is also an open-ended questionnaire, which includes 6 major questions that are further divided into 31 sub-questions and 46 sub-sub questions. This is a bit higher in number compared to the set of questionnaires used in the interview with the DDC officials. Like with the DDCs, the questionnaire is in fact divided into two parts, i) regarding the contents of contracts, which entails how the accountability features are structured in the contracts, and ii) questions designed to see how the contracts are implemented and what could cause the implementation to be hindered.

The interviews with SPs also took place in the SPs' office premises, conducted by the researcher himself. Altogether, 13 SPs participated in the interview, but only 12 were considered, because two SPs were found to be representing the same sister organizations. These had split up only for strategic business purposes in order to win the contract, which is a normal practice in Nepal. The interviews became lively in most cases, as SPs were very much eager to volunteer and share their experiences. As a result, the duration of the interviews took more than one hour in some cases. Refer to Appendix IV(b) for a sample questionnaire devised during the interview with SPs.

4.7.1.3 Observations

The researcher had made operational observations of these seven DDCs very closely from time to time since 2008. He was partly involved in the restructuring of these DDCs in order to adjust the WASH programme within the DDC organizational systems. The importance of having direct observation in this research is that it can confirm and corroborate interview data, in terms both of scale and quality of service transaction between the actors (DDCs to WUCS and DDCs to SPs). The organizational assessments of these DDCs were carried out in 2009 (by RWSSP-WN), and their programmes and budgets were constantly observed over the period of five years (2009-2013).

As Yin (2003, p. 92) puts the observation method:

> *"By making a field visit to the case study 'site' you are creating the opportunity for direct observations...some relevant behaviours or environmental conditions will be available for observation".*

Yin (2003) further argued that it is "… a special mode of observation, in which you are not merely a passive observer" which is also true in this case, where the researcher himself had been involved in the monitoring of the performance of the contracts/agreements being made by these DDCs with over 300 WUCs and 39 SPs. It is expected that these observations further helped in the formulation of credible arguments during discussions with actors of their relationship in service provision.

4.7.2 Secondary Analysis

According to Heaton (1998, p.1):

> *"Secondary analysis involves the use of existing data, collected for the purposes of a prior study, in order to pursue a research interest which is distinct from that of the original work; this may be a new research question or an alternative perspective on the original question".*

In this respect, secondary analysis differs from systematic reviews and meta-analyses of qualitative studies, which aim instead to compile and assess the evidence relating to a common concern or area of practice (Popay et al. 1998). Therefore, in order to measure the 'Unit of Analysis', i.e. the 'features of the contract', besides the questionnaire, the secondary sources of data are also used. It should be understood that the secondary analysis entails both quantitative (Dale et al. 1988) and qualitative (Corti et al. 1995) analysis. The sources of secondary data/information are discussed below.

4.7.2.1 Contract and agreement documents

Altogether six agreement documents, drawn up and executed between the DDCs and WUCs, are examined to see whether the agreements fulfilled the basic requirements of the agreement to implement the drinking water schemes in their respective communities or not. Refer to Appendix V for the sample of the agreement document used by DDC with WUC. Later on, it was also confirmed that all seven districts have used the same format of the agreement for 300 drinking water schemes with almost the same number of WUCs.

Likewise, the five contract documents executed between the DDCs and SPs were examined, in terms of their contents, to investigate whether they fulfilled the best possible purpose-of-contract requirements in providing the technical services to implement the rural drinking water schemes in the respective assigned VDCs. Refer Appendix VI for the sample of a contract document used by the DDCs to purchase the technical services of SPs. While examining these documents, as discussed earlier, attention was given as to how and to what extent the accountability features had been built into the service delivery transaction.

4.7.2.2 Other documents

Other sources of information used for the secondary analysis were the District Development Plans of the DDCs (refer to Appendix VIII), and other relevant policy documents, acts, rules, reports etc. (Chapter 3.2.3 and 3.2.4).

4.7.3 Measurement

For measurement purposes, both ordinal and interval scales were used in the questionnaire, in order to obtain information regarding the intensity of the issues in the contents of contracts and agreements, in order to assess the accountability features in the service delivery relationship.

The statistical tools applied for analysis are simple 'average mean value', 'standard deviation', and 'correlation'. However, the last two tools, 'standard deviation' and 'correlation' are used for illustrative purposes only, to support the findings as provided in Appendix IX. The average mean value is used to measure the intensity of perceived working relationships in terms of accountability features; the higher the score or mean value, the better the accountability, or vice versa. In addition, these helped to reveal which accountability feature/s in the service transaction were weak and which were strong. Standard deviation is used to discover how the values are dispersed from the mean value. Perceived accountability intensities in the service delivery transactions can be expressed as follows.

General equation:

Accountability = Delegation (Task + Deliverability) + Financing + Reporting (Work Progress) + Arbitration + Enforcement

In this equation, the 'Accountability' is the dependent variable, and 'Delegation', 'Financing', 'Reporting', 'Arbitration' and 'Enforcement' are the independent variables.

Where:

Acc =   Accountability
Del=   Delegation
Fin =   Financing
Rep =   Reporting
Arb =   Arbitration
Enf =   Enforcement

Accountability in service transaction as perceived by DDC on WUC:

$$Acc\,(DDC\text{-}WUC) = Del\,(DDC\text{-}WUC) + Fin\,(DDC\text{-}WUC) + Rep\,(DDC\text{-}WUC) + Arb\,(DDC\text{-}WUC) + Enf\,(DDC\text{-}WUC)$$

Accountability in service transaction as perceived by DDC on SP:

$$Acc\,(DDC\text{-}SP) = Del\,(DDC\text{-}SP) + Fin\,(DDC\text{-}SP) + Rep\,(DDC\text{-}SP) + Arb\,(DDC\text{-}SP) + Enf\,(DDC\text{-}SP)$$

Accountability in service transaction as perceived by SP on DDC:

$$Acc\,(SP\text{-}DDC) = Del\,(SP\text{-}DDC) + Fin\,(SP\text{-}DDC) + Rep\,(SP\text{-}DDC) + Arb\,(SP\text{-}DDC) + Enf\,(SP\text{-}DDC)$$

4.8   Analysis presentation

Tables are used for presentation and discussion; wherever possible, the graphic presentations in figures are made to illustrate the findings more meaningful way, so that the analysis and discussion would be presented in a logical sequence in order to convey the rational meaning and to enhance understanding. For the statistical analysis, SPSS

Version 21 was used for the purposes of description and correlation (Refer Appendix IX for analysis).

4.8.1   Validation and generalization of results

The 75 District Development Committees of Nepal function in the same politico-administrative settings, guided by the same national rules, regulations, and institutional environment. Hence the service delivery provision adopted by all these DDCs is the same. The situation described concerning the observed DDCs, and the findings obtained from this research can be generalized for the external validation of all 75 DDCs in the areas of rural drinking water service provision.

4.8.2   Derivation of findings

To derive findings, the following frame shown in Figure 21 is used. This frame gives systematic triangulation to conclude the research findings. The perceptions of DDCs and SPs are collected through questionnaires and interviews. They are tabulated and interpreted to draw the meanings. For a broader understanding, the findings are further collated with the agreement and contract documents used by DDCs for WUCs and Service Providers (NGOs) respectively. The information generated through both sources is validated by comparison with the DDC plans, policies, and the organizational performance of DDCs, WUCs and SPs.

All these findings are later used to define the accountability features in the service delivery relationships of the actors, and then finally their organizational and institutional roles in drinking water service provision, drawing on the broader scope of public service delivery practices and theories around the world.

Figure 21: Triangulation of findings
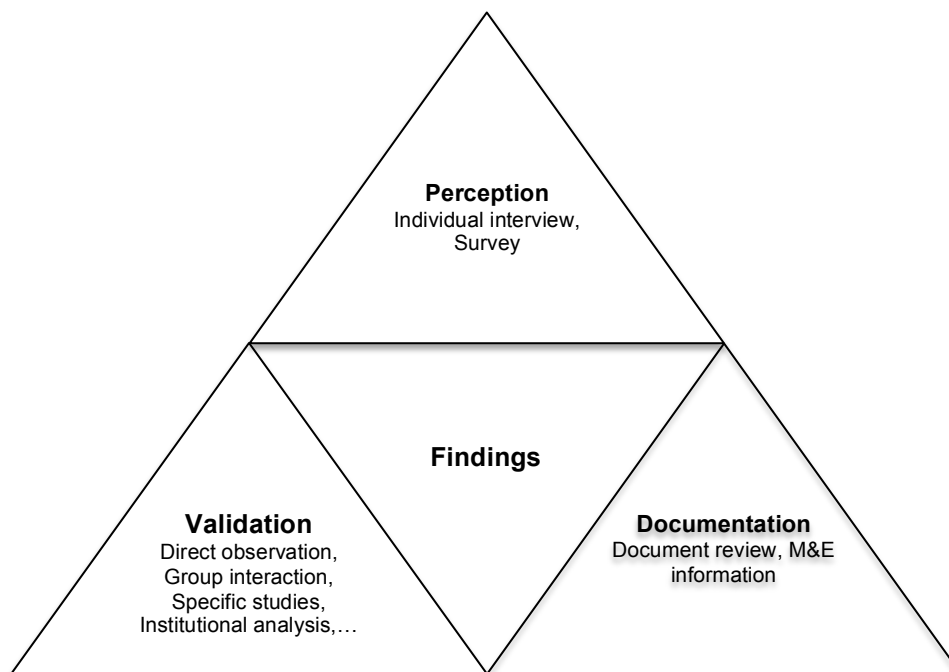
Source: Country Portfolio Evaluation (CPE), Global Environment Facility (GEF)[95]

CHAPTER FIVE

5. Findings

This chapter presents the findings and the analysis based on the questionnaire interviews (primary source) and other relevant documents (secondary sources). These findings, when analysed with due consideration of the key research questions, define and explain the accountability features in the service delivery transaction relationship between DDCs and WUCs, and between DDCs and SPs. Furthermore, based on these relationships, the organizational and institutional features in service provision are examined. A simple linear causality (Figure 22) is suggested as a means of illustrating how the findings may be related to each other for interpretation at the different levels.

Figure 22: Causality of finding interpretation
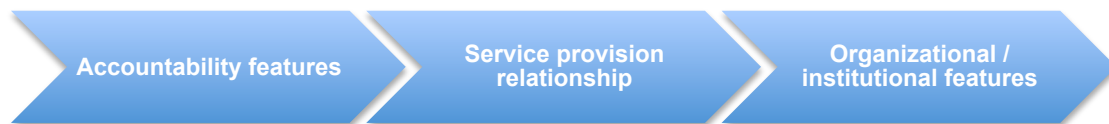
5.1 Perceptions regarding accountability features

The accountability features discussed here are the perceived views of the respondents. It is expressed in the form of 'contents of agreements' in the case of DDCs with WUCs to implement the drinking water schemes; and in the form of the 'contents of contracts' in the case of DDCs with SPs for technical assistance to be provided to WUCs on behalf of DDCs in order to implement the drinking water schemes.

Therefore, the content features of agreements or contracts are synonymously used as accountability features of service delivery transactional relationships.

5.1.1 DDCs' and SPs' perceptions of contents

Altogether seven respondents, all the DDC officials representing the six districts – Rupandehi, Nawalparasi, Tanahun, Parbat, Syangja and Baglung – participated as interviewees and questionnaire respondents. Similarly, twelve representatives of the technical service providers (SPs) of the same five districts also participated as both. They were asked to respond to the questions related to the 'contents' of the agreement and contract documents, and the 'implementation' of the agreed tasks. Their recorded perceptions are discussed here.

Table 14 gives the perceived intensity of accountability features in terms of the contents of the agreement documents used by DDCs with WUCs, and the contents of the contract documents used by DDCs with SPs. The intensity is derived by using the rating scale 0 – 4 (Linkert Scale) throughout the responses given to each question asked to the DDC and Service Provider (NGO) officials, and their aggregate value is presented as an intensity of the content/accountability feature.

Denotation of the views regarding the contents (features) of 'agreements' and 'contracts' as perceived by DDC with regard to WUCs and SPs, and by SPs with regard to DDCs is as follows:

DDC>WUC   denotes the agreement made by DDC with WUC as perceived by DDC

DDC>SP   denotes the contract made by DDC with SP as perceived by DDC

SP>DDC   denotes the contract made by DDC with SP as perceived by SP

Table 14: Perceived clarity on contents (accountability features)

Variables (Content features-accountability features)	Agreement	Contract	
	DDC>WUC (n=7)	DDC>SP (n=7)	SP>DDC (n=7:n=12)*
Task, roles	19	21	20
Deliverables	20	21	19
Time duration	18	20	21
Financial provision	24	24	21
Work progress	17	23	19
Arbitration	10	18	16
Enforcement	14	14	16
Total	122	141	132
Mean	17	20	19

* Value is adjusted with 0.583 to make equal comparison.

5.1.1.1 DDCs' perception regarding agreements with WUCs (DDC>WUC)

The perception of DDCs toward the features of agreements with WUCs is poor in terms of their clarity, adequacy and understanding, compared with the contracts made by DDCs with SPs. The agreements made between DDCs and WUCs are found weak on every aspect of the accountability features except financial provision. The weakest part in the agreements is 'arbitration' followed by 'enforcement' and 'work progress reporting'. Examination of the features such as 'task, roles and responsibility', 'deliverables', and 'time duration' show better clarity and understanding by DDCs, but this is still poor compared to the content features of the contracts made by DDCs with SPs.

5.1.1.2 DDCs perception regarding contracts with SPs (DDC>SP)

DDCs' perceptions regarding the contents of the contract documents made between DDCs and SPs have indicated more clarity of accountability features in comparison with the agreements made between DDCs and WUCs. All the features i.e. 'task, roles,

responsibility'; 'deliverability'', 'time duration', 'financial provision', and 'work progress reporting' have shown clear and adequate provision in the contract documents, except in the cases of 'arbitration' and 'enforcement', where the clarity is poorly perceived by the DDC officials.

5.1.1.3 SPs' perceptions regarding contracts with DDCs (SP>DDC)

The SPs' perceptions of the contents of contracts made between DDCs and SPs rank better than the perceived features of the agreements made between DDCs and WUCs, but are poor when compared with the perception of the same (DDC-SP) contracts as perceived by DDCs. Overall the two features 'enforcement' and 'arbitration' are seen as the weakest aspects in the structure of both 'agreements' and 'contracts' by DDCs in the provision of rural drinking water services, but more so in the case of those with WUCs than in those with SPs.

5.1.2 Composite perception regarding content features

A radar chart (Figure 23) is plotted, based on the perceptions held by DDCs and SPs on the contents of 'agreements' and 'contracts' (the same figures taken from the Table 14 but used for the graphical illustration to make it more comprehensible). The chart shows interesting accountability features in the service delivery transaction relationships of the actors involved in rural drinking water service provision. All the features of the contracts between DDCs and SPs have exhibited better accountability features (task, roles, responsibility, deliverables, time duration, financial provision, work progress reporting, arbitration and enforcement provisions) than the features of the agreements that were made by DDCs with WUCs, except for 'financial provision', where the agreements appear slightly better.

From this analysis, one may conclude that, in terms of intensity, there are certain variations in the contents (or accountability features) of agreements and contracts made by DDCs with WUCs and SPs respectively. However, this also clearly reveals that the DDCs, being public institutions, are very poor in the provision of 'enforcement' of both the agreements with WUCs and the contracts with SPs. Apart from this, the provision for 'arbitration' and monitoring of 'work progress' on the part of agreements with WUCs has been found to be poorly structured.

In sum, it appears that the contents of agreements made by DDCs with WUCs are poorly structured from the accountability features point of view, when compared with the contractual arrangements made by DDCs with SPs.

Figure 23: Radar Chart – composite perceptions
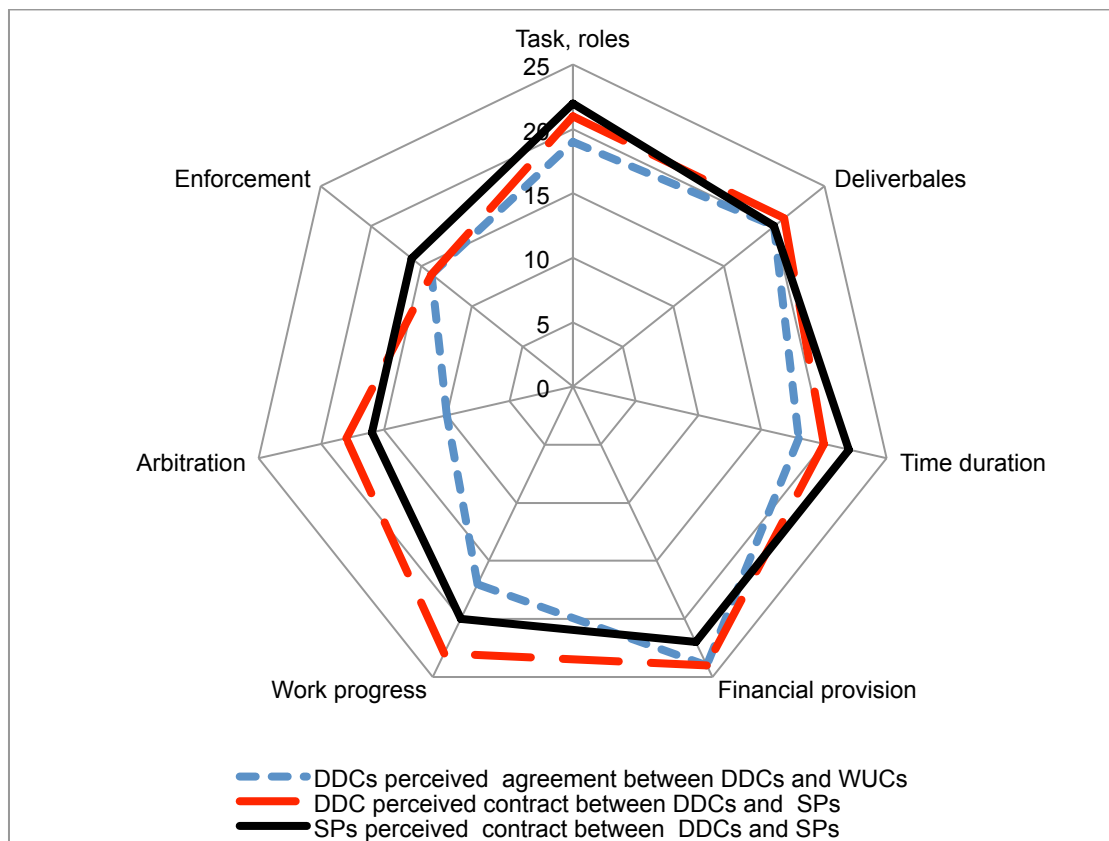
5.2 Perceptions regarding implementation

5.2.1 DDC's perceptions regarding implementation of agreements and contracts

To understand the perceptions of DDCs and SPs on the implementation of the 'agreements' and 'contracts', respondents were asked:

> *"If the agreements made by District Development Committees (DDCs) with Water Users Committees (WUCs) and the contracts made with Service Providers (SPs) were unsuccessfully concluded or withheld for longer than the stipulated time frame, then what could be the reasons for this?"*

For this, four sub-questions concerning the 'structure of agreements', 'properly and timely conducting of monitoring and supervision', 'timely meeting of financial obligations', and 'failure of enforcement of agreements with WUCs and contracts with SP' were posed before the DDCs' officials, and the responses obtained are briefly discussed here.

5.2.1.1 Structure of agreements/contracts

Responding to the sub-question "Was implementation unsuccessful because of agreements that were poorly structured?" DDC officials felt that the poor provision regarding monitoring and supervision of WUCs and SPs, together with a weak enforcement and compliance mechanism to enforce agreements and contracts, came out as the most perceived problem, with 22% each (see Figure 24). Incentive provision for the performance of WUCs and SPs was the second commonest issue cited (19%); other reasons cited include outputs, deliverables to be produced by WUCs and SPs (15%), arbitration provision to solve disputes (7%), activities and tasks (4%), and financial terms and condition (4%). All these contents appeared to require improved provisions in the agreements for their better implementation.

Figure 24: DDCs' response to structure of agreements and contracts

What causes poor structure of agreements with WUCs and contracts with SPs?
n=27

1. Enforcement and compliance mechanism to enforce agreement
2. Monitoring and supervision of WUCs and SPs
3. Incentive provisions for performance and results of WUCs and SPs
4. Outputs and deliverables to be produced by WUCs and SPs
5. Action plans of activities with time duration and resource of WUCs and SPs
6. Arbitration provisions to solve the disputes
7. Activities and tasks carried out by actors
8. Financial terms and conditions for payment to WUCs and SPs
9. Reporting channels and contents among actors
10. Roles and responsibility of actors

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

5.2.1.2 Monitoring and supervision of agreements and contracts

In order to probe further into the monitoring and supervision of the agreements and contracts, which was another cause of poor enforcement and compliance, the following question was asked: "Why could the DDC not monitor and supervise agreements and contracts in a timely fashion?" The answers given revealed some unanticipated results.

According to the DDCs, the main reason was the weak supervision and monitoring mechanism (28%) of DDCs, followed by the fact that DDCs neglected to monitor and supervise the agreements properly and timely (20%), lack of trained human resources (20%) and lack of human resources in general in DDCs (16%). Lack of knowledge on how to perform monitoring and supervision (12%) and others (4%), are two other factors perceived by the DDC officials leading to poor monitoring and supervision of agreements and contracts. Interestingly, no DDC officials indicated that there was a lack of funding to

monitor the agreements and contracts. This might suggest that funding is not an issue for effective monitoring and supervision in the implementation of the agreements and the contracts (Figure 25).

Figure 25: DDCs' response to monitoring and supervision of agreements and contracts
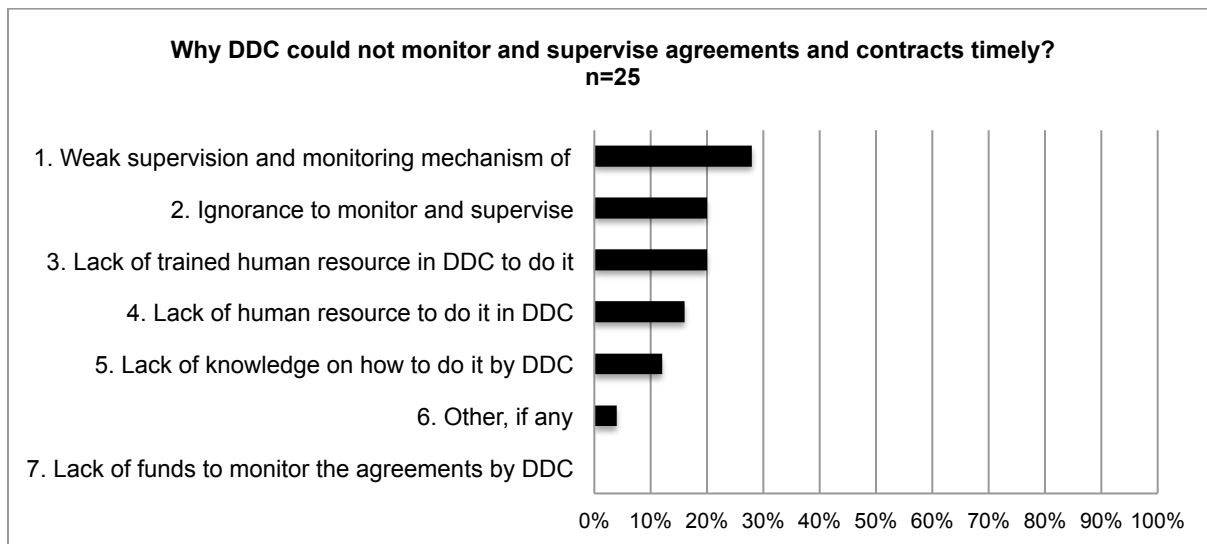
5.2.1.3 Financial obligation

Finance has always been an issue in service delivery due to pressure for cost effectiveness. The question was asked: "Why can't DDCs meet their financial obligations?" The failure of WUCs and SPs to comply with financial norms as per the agreements and contracts came out to be the most commonly perceived cause (36%) followed by undue internal and external pressure exerted by the DDC officials (27%), the cumbersome financial approval procedures of DDCs (27%) and lastly, poor financial planning (9%) (Figure 26) despite the DDCs having shown better accountability features.

Figure 26: DDCs' responses to financial obligations

Why could DDC not meet financial obligation?
n=11
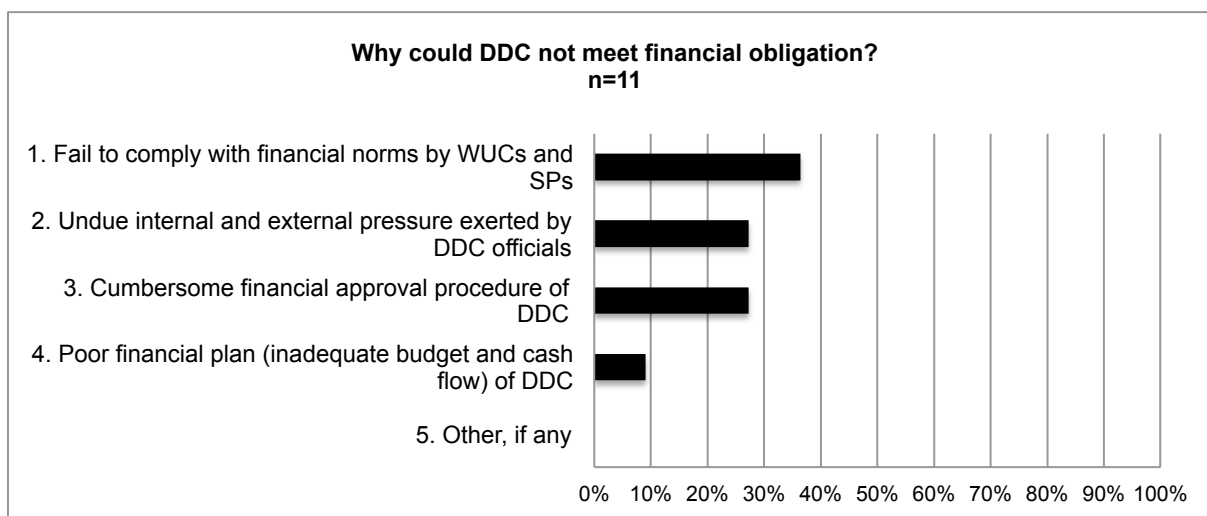
5.2.1.4 Enforcement of agreements and contracts

Finally, the DDCs' response to the question "Why did DDCs fail to enforce agreement?" was that it was due to the lack of a sense of responsibility on the part of DDC officials (67%), and undue internal and external pressure to enforce agreements (33%) (Figure 27).

Figure 27: DDCs' response to enforce the agreements and contracts

Why did the DDC fail to enforce agreements and contracts?
n=9
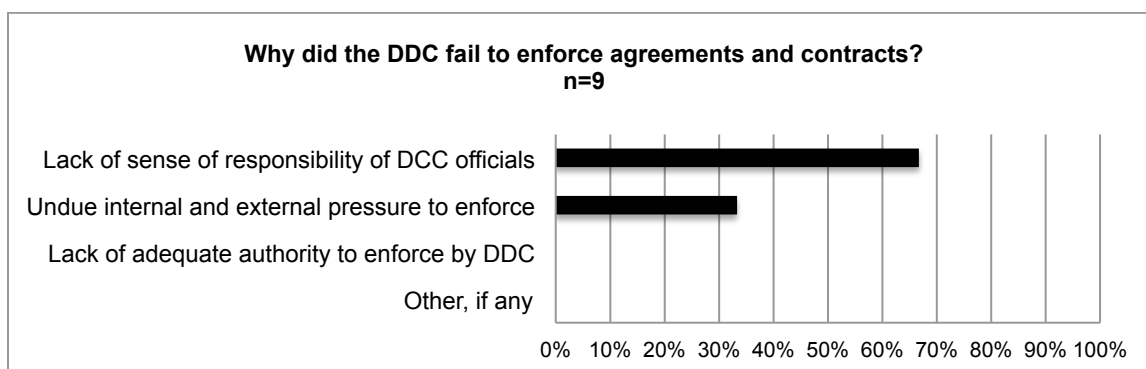
It appeared that nobody responded to the DDCs' lack of adequate authority to enforce the agreements or contracts. This indicates that it is not a matter of the inadequacy of the enforcement mechanism (legal authority) to enforce the agreements and contracts, but the willpower of the DDC officials and the organizational system to support such measures.

5.2.2 SPs' perceptions regarding contract implementation

More comprehensive views on the part of SPs on the implementation of contracts were obtained, compared with other respondents. This may have been because they, as the service providers, faced bureaucratic obstruction and subordination (SPs are at the mercy of civil servants due to the power-centred bureaucracy) in contractual relationships with the government offices, including DDCs.

5.2.2.1 Implementation of contracts

Responding to the first question, on the implementation of contracts, 33% SPs responded that the activities were fully implemented, 58% said mostly implemented, and the remaining 8% SPs said partially implemented. SPs identified many issues regarding the poor implementation of contractual activities (Figure 28). This is covered in more detail in Chapter 5.2.3 Supplementary discussion below.

Figure 28: Activity implementation
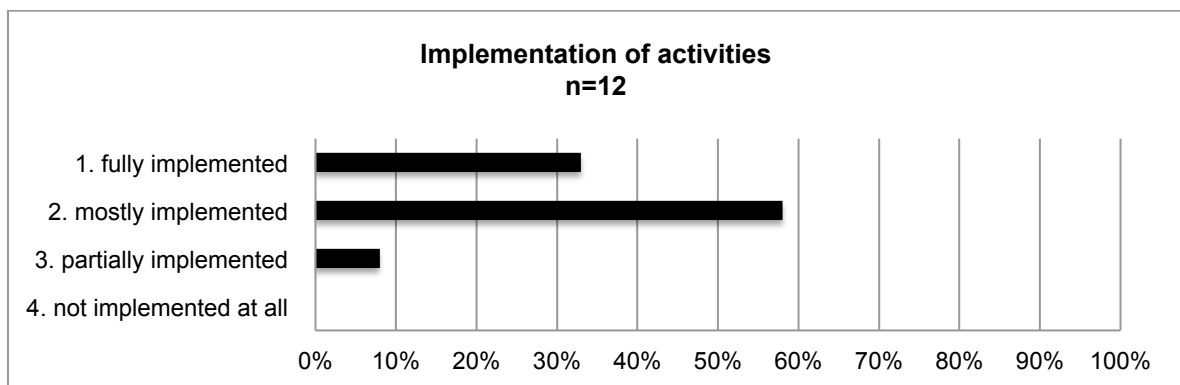
5.2.2.2 Financial payment

Regarding financial payment, the question whether the 'payments for works are made fully, mostly, partially or not at all' was asked. Around 42% of SPs said that they had received full payments as per the contracts, another 42% of SPs said they received most

of the payments, and the remaining 17% SPs admitted that they had received only part payment (Figure 29).

Figure 29: Financial payment
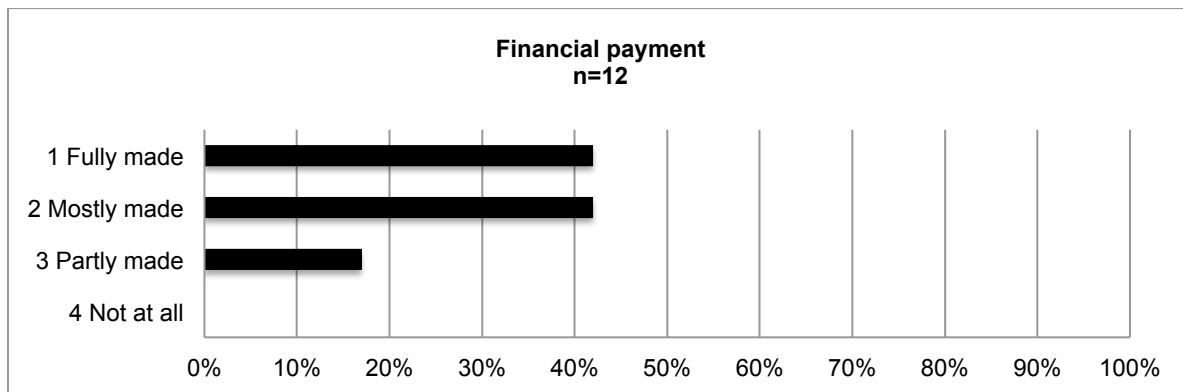
The reasons for not making full payments, as forwarded by the SPs during the group discussions, were mixed. Both DDCs and SPs appeared to be responsible for this. The reasons that emerged included DDCs being not able to evaluate the drinking water projects for final payment on time, not giving the work order on time, changing the scope and volume of works later, after the contract was signed, and delaying payment for completed works. On the SP side, it appeared they could not facilitate the WUCs to complete the construction works in time, and also the late formation of WUCs caused delays in payment.

5.2.2.3 Time and deliverables

To the question related to the timely completion of the contracts, 83% of SPs said implementation was delayed and did not complete on time, whereas 17% of SPs said that the contracts were completed within the stipulated time (Figure 30). Despite a majority of the contracts being delayed in implementation, 42% of SPs agreed that the expected deliverables (targets and outputs), as specified in the contracts, were fully achieved, and 50% of SPs responded that they were mostly achieved. Only 8% of SPs said that the

deliverables were partly achieved. None of them said that these had not been achieved at all (Figure 31).

The reasons behind non-achievement of the specified deliverables as per contracts, as pointed out by the SPs, were said to be mainly due to a larger volume of works than anticipated in the contracts, poor community participation, delayed payment, lack of DDC cooperation, and delays in the transportation of construction materials to the drinking water scheme sites.

Figure 30: Time keeping and assignments
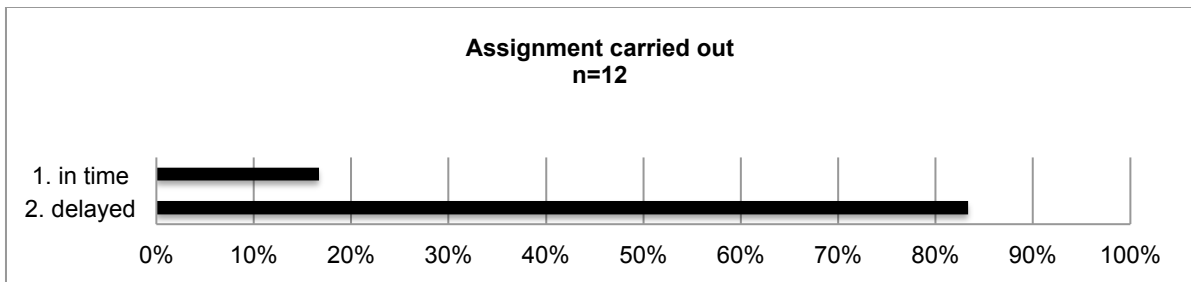
Figure 31: Deliverables, targets
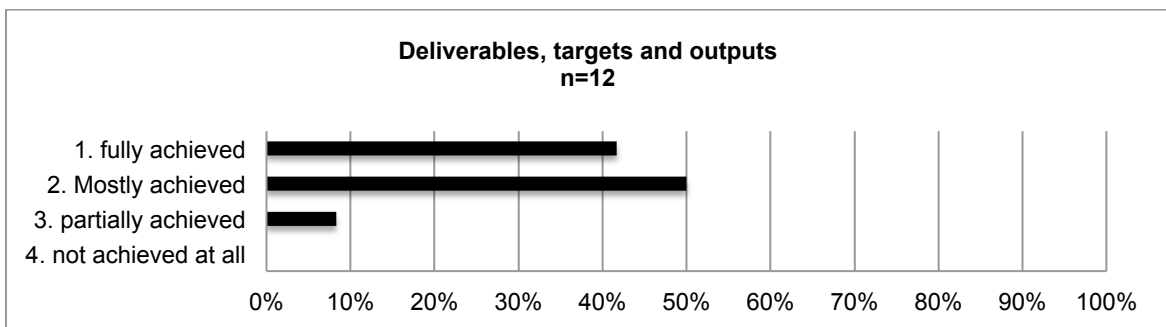
5.2.2.4 Progress report submission

Submission of progress reports to DDCs by SPs regarding their performance seemed poor. Out of 12 respondents, only 7 SPs had submitted the reports, while the frequency of reporting seems to be very low against the terms specified in the contracts. Normally, the contracts' duration was 18 months. Only 3 SPs (25%) had reported more than 10 times, a

similar number of 3 SPs (25%) had reported 4 times, 2 SPs (17%) reported 5 times and of the rest, each one had reported of their progress of performance to the DDCs 10 times, 9 times, 8 times, and 7 times respectively.

On the submitted reports (n=10), only 50% of SPs received comments or feedback from the DDC officials, and the rest of SPs did not receive any. Some comments given by DDCs to SPs were regarding the revision of WASH Plans, improvement of technical inputs, quality of programme activities and reporting, including data and information management, to increase local community participation (more than 20% of the total drinking water scheme cost), and the involvement of VDC Secretaries in the programmes.

5.2.2.5 Contractual dispute

Regarding contractual disputes, 67% SPs said that they did not face any disputes during the implementation of the contracts, whereas 33 % SPs said 'yes' they had faced disputes (Figure 32). Among those who faced disputes, 2 SPs had done so once, 1 SP had on 2 occasions and the other had faced disputes 4 times. The types of disputes faced by the 4 SPs were over delayed payments by DDCs, inadequate staff deputation in the work site, and local political parties' interference in the conduct of a baseline survey for WASH Plan preparation.

Out of these disputes, only one payment issue had been solved through continuous requests put by the SP. Other payment issues, despite having had as many as four meetings with concerned officials, still remained pending. Regarding staff availability, upon the request of one SP, one DDC had opened up a site office to deal with problems, and the disturbance caused by the local political party in one district was solved through the DDC's mediation.

Figure 32: Contractual disputes

Faced any disputes?
n=12

1. Yes
2. No

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
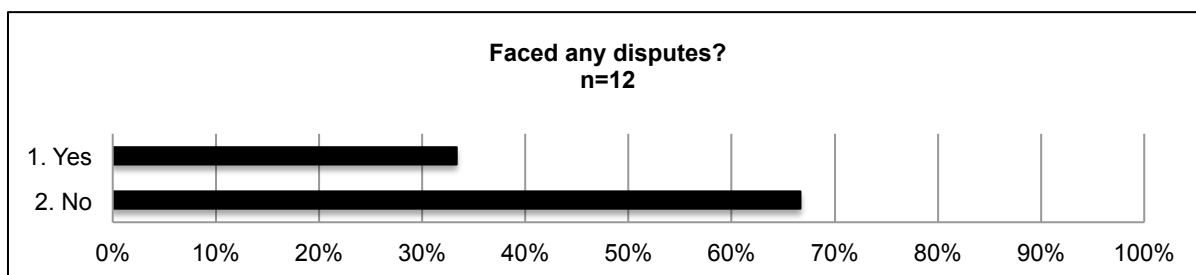
5.2.2.6 Warning

Eighty-three per cent SPs said that they could not implement the contracts in time, but surprisingly only 25% SPs received warning of delays in implementation (Figure 33). Interestingly, only 1 SP received the warning in written form while other two SPs had received the warning verbally. Of these two SPs, one had received warning once and other one twice.

Figure 33: Warnings

Warning for delay
n=12

1. Yes
2. No

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
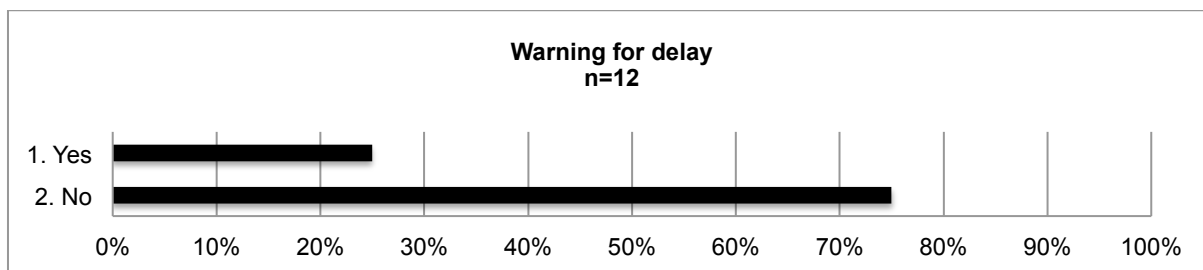
None of the SPs were penalized for non-compliance with the contracts. Likewise none of the SPs were incentivised for their good performance. At the end, only 58% of SPs considered that the contracts were successfully implemented, while 42% of SPs denied this. Those SPs who had denied success gave the following random reasons for the unsuccessful concluding of the contracts:

- Poor community participation.

- Contract package consists of three sub-packages (planning-implementation-consolidation) that required a longer period of involvement and more resources.

- Additional work such as the construction of huge overhead tanks including the deployment of sophisticated technologies caused delays in Terai.

- Additional manpower required due to increased work volume.

- Difficulty in motivating Terai Madhesi (people living in the plain areas of the southern part at the border to India) communities for participation.

- Poor dialogue/communication with DDCs.

- Household survey could not take place in time due to local people's protests.

5.2.2.7 Contract comparison

Most of the SPs had substantial experience of developmental works in rural areas and had carried out quite a number of assignments, not only in drinking water supply, but also in various other sectors for many donors and clients. In order to identify perceptual differences regarding the scope, features, specificity and implementation between those contracts executed by SPs with DDCs for rural drinking water and the contracts implemented for other clients (donors, INGOs and NGOs), the following question was asked:

> *"Compared with other contracts your organization had implemented in the past, how did you find this contract and its implementation?"*

The responses received to this question are provided below in summary:

A majority of SPs believed that the features of the contracts with DDCs were good, and even suitable from the DDCs' point of view, as there was a complete package from the planning, through the implementation to the consolidation (post-construction) phases. These were also better in terms of objectives and features, compared with other contracts made with, and implemented for, other donors and clients. They also said that both the contract package and investment under this modality were big in scale compared to the contracts for other projects or programmes they had implemented for other clients.

However, the monitoring, supervision and enforcement of the contracts by DDCs emerged as the weakest part of this arrangement. SPs reported that the scope and volume of works were excessively large, partly because the number of drinking water schemes to be implemented was not well specified in the contracts. Delays in payment, poor technical backstopping support from DDCs, sectional or malicious motives of bureaucrats, poorly defined outputs, and poor programme implementation structures and mechanisms were some of the more serious concerns identified.

Box 1: DDC capacity

The DTO Chiefs of Nawalparasi District and Rupandehi District openly acknowledged the weakness on the part of local government systems to monitor and enforce the contract/agreement. As Mahesh Chandra Neupane, DTO Chief, Nawalparasi, says: "the agreement between DDC and SPs failed to conclude successfully due to DDC incapacity to administer the contract properly". They both believed that the existing DDC system does not support to structure and execute the service delivery system through third party arrangement especially for procuring the technical services.

5.2.3 Supplementary discussion

As mentioned earlier, formal meetings with the officials of DDCs and the SPs during the same period triangulated the questionnaire survey. The data gained from these discussions have generally supported the questionnaire-generated findings and are briefly summarized below.

In the meetings, respondents stated that the problems related to DDCs were unnecessary bureaucratic obstacles, and spoke of the lingering and lengthy process for payments. They further said that the contracts (technical service support) between SPs and DDCs were made on time, whereas agreements (drinking water project implementation) between DDCs and WUCs did not take place on time, and that there were inadequate staff to manage the contracts and agreements, an improper attitude on the part of DDC

officials, unwilling to adjust or accommodate changes in contract duration, ill-defined works and cost estimation are the other problems they had mentioned. In addition to this, there had been no provision of advance payment and the revision of estimate and scope of works in the middle of project implementation including a dispute on SP selection, and hidden interest in the procurement of construction materials.

Box 2: Procurement

Local Body Financial Administration Rules (LBFAR) 2064 (2007) have clearly mentioned that if the communities are involved in service delivery then the materials and works should be the responsibilities of the users' committee, and the DDC can only provide technical and management support to the committee for implementation. However, due to the dishonest interests of some DDC/DTO officials, they get involved in material procurement directly or indirectly. In some cases, the cheques are issued in the name of Water Users' Committees but ask the committees' officials to make the payment to that particular supplier. The DDC officials do not only dictate where to buy the materials but also instruct the service provider to hire the staff recommended by them (Nepal Red Cross, Rupandehi).

According to SP respondents, they (SPs) could not retain technical staff, partly because of intermittent inputs of these staff during the contract period, partly because they are expensive, and also partly because the contract duration kept changing, and staff inputs were difficult to assure in the given time. Furthermore, SPs could not facilitate the timely formation of VWASHCCs[96], and faced difficulties in terms of the remoteness of the sites of drinking water schemes, and difficulties in terms of how to cope with the work volume.

Apart from this, other problems expressed by the SPs are the significantly large number of beneficiaries, including Dalit communities[97] and illiterate Madhesi communities[98], in the

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[96] VDC WASH Coordination Committee (VWASHCC) is formed at the VDC level where the VDC secretary chairs the committee.

[97] In general, Dalits' community participation in drinking water programmes is weak because of their poor economic condition, social subordination and isolation.

[98] Madhesi communities live in Terai areas, the southern part of the country, near or along the Indian border. They live in a relatively close society and have certain social taboos that are different from those of the hilly or mountain people.

Terai and the difficulty of mobilising them. SPs were unable to comprehend the nature, scope, volume, time and cost of works: for example, the number and size of drinking water projects are relatively big, and the process of implementing three packages (preparation phase, implementation phase and consolidation phase) of the contracts takes longer time. Besides this, SPs were less competent to adapt to new technologies such as that of huge overhead tank construction with an electromechanical component, and in some cases a solar or electric powered pumping system.

Box 3: Technological sophistication

The DDC of Syangja with its District Technical Office have not tried the electric powered lift drinking water system before, as most of the systems used to be of gravity flow. The community of Chitre Bhanjyang used to rely on the rainwater, and some spring sources in the foothills, for drinking water which takes 1 to 2 hours time to fetch. . So the system was designed to lift the water in three stages from below the spring source. Aanda- Aandi Community Development Centre (AACD) of Syangja was assigned as the service of this scheme. Both Chairman Bishwa Poudel, and Programme Coordinator Eknayran Sapkota of AACD admitted that the construction of such a scheme is beyond their imagination and had never been tried before.

All these issues could have been addressed if the accountability features had been carefully structured within the contractual relationship between DDCs and SPs.

5.2.4 Conclusion

The descriptive analysis suggests that the 'agreement' type relationship in service provision contains less intensity of accountability features compared to the higher intensity in the 'contract' type relationship. This means that more compactness is instituted in the contract type service transaction. Despite the higher accountability features in the 'contract' type relationships between DDCs and SPs, the perception remained different in cases where DDCs have perceived higher accountability features in mean value, but at the same time a high dispersal too, compared to SPs on the same contracts.

Finally, from this analysis, one can conclude that a contractual arrangement offers better scope for accountability features and service compactness than agreement-based service provision. This suggests that the accountability features in the service transaction relationship directly influence service compactness in public service delivery. This finding is also supported by the results of correlation analysis as provided in Appendix IX.

5.3   Agreement and contract documents

5.3.1   DDCs' agreements with WUCs

In Nepal, the agreements between DDCs and WUCs are regulated by the Local Self-governance Act (LSGA) 1999, Clause 200, where the standard format for agreement is provided in Annex 3 of the Act. This clause is meant to enable implementation of the project with consumers' groups (also called 'users' groups'; these become 'users' committees' or 'associations' once registered with the government) or non-governmental organizations. The agreement format consists of two pages that contain mainly the name of the project and those of the representatives, the address, and a brief description of the project. It also includes: the total estimated cost of a project, identifying funding sources, some details on construction materials and labour required. Likewise, it gives brief information on beneficiaries in terms of households and population, a description of the project implementer (WUC in this case) and its establishment date, and the names of WUC officials; and a schedule of instalments, amounts and dates. In addition to this, the format shows which organization takes the responsibility for repair and maintenance, the number of labourers to be used, the fees to be raised, the donation to be received, the grant for cost participation, the savings to be made, and other technical and management arrangements. At the end, the terms and conditions of agreement are open-ended, allowing the parties involved in it, mainly DDCs, to add in the required terms and conditions, such as are deemed necessary for the implementation of projects.

Some common terms and conditions found to be used by DDCs include the principle that the organization which operates the project must use the funds only for the purpose they are meant for; the starting and ending date of the project; and undertakings not to affect already built physical structures adversely, and to be responsible for repair and maintenance of the project. In addition to this, the standard agreement includes undertakings to: carry out a public audit; to adhere to the approved budget (cost estimate) and agreed time; to establish a maintenance fund; and to follow the existing rules and regulations. Refer to Appendix V for a sample of the actual agreement form used.

Since all 75 DDCs in the country are using this format for project implementation with WUCs, for this research only the sample documents (agreements) used by 6 DDCs are examined. Although the sample is small, it is representative for all DDCs, because around 327 drinking water schemes in the 7 observed Districts have been implemented by using this format. Refer to Appendix II for the details of these schemes. This format is used not only in the drinking water sector; it can be used for other sectors too where the communities are involved in as users' associations (or users' committees).

The format is simple, and has created very few hurdles for communities seeking drinking water schemes from DDCs. Since the format requires minimum inputs with an open-ended provision for other terms and conditions, this allows the agreement to be framed flexibly as per the discretionary provisions. This format gives flexibility to the DDCs and WUCs to structure the agreements as per their requirements. However, it becomes problematic when the monitoring and accountable authority (in this case the DDCs, as they finance the schemes) fails to comply with the basic norms of the agreements, due to their structuring of the agreements too poorly to obtain optimal results. The weakness of this type of service delivery provision is already confirmed by the analysis of perceptions regarding the contents of the agreements (Chapter 5.1); the implementation of

agreements (Chapter 5.2); and the descriptive analysis (Appendix IX). This assessment further reinforces the findings.

5.3.2   DDCs' contracts with SPs

The contracts made by DDCs with SPs to provide technical assistance to WUCs to implement the drinking water schemes are found to be consistently of high quality, fulfilling the basic requirements as used by the standard procurement documents (refer Appendix VI for the sample contract used by DDCs). This format has followed the standard national Procurement Act and Regulations of the country. The analysis of the five contract documents used by DDCs has shown that the DDCs have adopted the standard procurement features practised by international financial institutions. Similarly, many donor-supported projects in Nepal, particularly those projects supported by the World Bank and the Asian Development Bank, have used this format. Although these SPs are NGOs, which normally prefer the agreement type of relationship with their clients, in these cases they entered into the service delivery relationship with DDCs through the competitive bidding process.

With some variation, all the observed contracts made by DDCs with SPs have clearly specified the scope of works, such as the nature of the services to be procured, the date of commencement, detailed personnel requirements, financial management provisions that include a ceiling for expenditure, the currency of payment, payment conditions, agreements on time extension and programme administration, the reporting procedure, and the mode of payment. Further, they detail the service provider's responsibilities, such as the performance standard, the information requirement, the maintenance of confidentiality, the duty to avoid conflict of interests, the laws and regulations to be complied with, the property rights of clients, insurance provision and contractual ethics. Other general provisions made are for the suspension and termination of contract,

settlement of dispute, force majeure; and other miscellaneous provisions such as the service provider's commitment towards gender equality and social inclusion, the site and liaison office establishment etc. If one sees this from the accountability feature perspective (delegating, financing, performing, informing, enforcing, and arbitration) then it has more or less covered all the aspects of these features. Refer Appendix VII for the assessment of accountability features of the participating SPs through which DDCs have procured the technical services.

It is difficult to gauge by what method procurement documents could be standardized, because each is contingent upon many factors, normally guided by the national Procurement Act, various regulations and donor (or lender) conditions; and the nature and type of services, materials or works to be procured. Despite this, some issues in drinking water as perceived by SPs, especially regarding the 'quantification of works' and 'deliverables' with 'time bound action plans' were found lacking in the contract documents.

To conclude, the contractual arrangements made between DDCs and SPs appear to be very comprehensive compared to the agreements made between DDCs and WUCs. This is also supported by the findings concerning the perceptions of both by DDCs and SPs. Hence, the 'agreement' type of service delivery relationship appears to be less compact, from the accountability features point of view, when it is compared with the 'contract' type. However, to use the term 'agreement' itself is loose when discussing the service transaction relationship, if one sees this in terms of the Principal-Agent framework, because the very nature of this framework emphasises formal accountability features and a hierarchical relationship. It is difficult to establish clearly in the 'agreement' type of relationship who will do what for whom; since in it the purpose, function, and resource sharing in service provision between two parities (DDCs and WUCs) are based, unlike in the Principal-Agent framework, on the assumption of good intentions, and are therefore not well defined in order to safeguard the results.

The following section considers the service provision relationships between the three organizations (DDCs, WUCs and SPs) that are constructed according to the service transaction accountability features already described.

5.4   Service provision relationships

This analysis aims to examine and understand the service provision relationships between the three organizations (DDC, WUC and SP) involved in rural drinking water service provision. This also provides some basis to understand the organizations involved in service provision. The situation discussed here is based on the findings from primary sources i.e. interviews and discussions, and on documentary sources, such as the agreement and contract documents, existing acts and regulations, district development plans and other relevant documents.

5.4.1   Relationships between DDCs and WUCs

Despite their different institutional settings, DDCs (bureaucratic and public) and WUCs (community or social) have come together to forge their relationships in service provision. This relationship is less formal and less legally binding than a contractual one, as the accountability features (derived from the primary source) and the agreement documents (derived from the secondary source) have shown. It appears that this relationship is based on partnership, trust, and to some extent reciprocity. The parties have shared risks in investment, implementation, and operation of the drinking water schemes. Organizationally, DDCs have maintained, or been subject to, both upward bureaucratic accountability to their ministry (MoFALD), and downward political accountability to their constituencies; while WUCs have maintained social accountability via their committee management structure and community membership, and also to DDCs for the funds they have received to build the drinking water schemes.

The relationship between DDCs and WUCs is a non-profit one, based on the principle of subsidiarity as part of the local government obligation to its constituency. It is collaborative and complementary, and the relationship is cemented through documents called "Memorandum of Understanding" and/or "Agreement", unlike the competitive bidding or the negotiation done in the open market. It is also observed that sometimes the initial commitments for service requirements are accompanied by verbal assurances from the principal (DDC) at the agent's (WUC) request, although the formal local planning process later inducts such demands into the local District Annual Development Plan for resource allocation.

Despite the different institutional orientations of these two organizations, a P-A relationship exists between the DDC, as financier and regulator, and the WUC, as fund receiver and user. The present analysis shows (Table 15) that the accountability features in this service transaction are found weak if one compares the relationship in terms of the enforcement, arbitration provision, and monitoring by DCCs, and the progress reporting by WUCs. All these have contributed to the poor and untimely completion of drinking water schemes. On the surface, this is a socio-politically negotiated transaction, in which two parties work together to implement the drinking water schemes. Hence, gauging the service provision relationship between the DDC and the WUC seems not an easy task, as one is a regulator and other is a regulated entity, one is a financier and other is a receiver, one is a public organization and other is a membership-based community organization. It is difficult to establish a true P-A relationship between these two organizations, particularly regarding the 'financing' and 'performing' features in service provision, in which community participation is made mandatory through the statutory provision. Considering the nature of partnership in resource sharing, this service provision relationship tends to show more "co-production" characteristics (Horne and Shirley 2009) than collaborative ones.

In this service transaction, the DDC asks for a certain level of accountability from the WUC. The DDC itself is accountable to its elected council (but not, in reality, since 2002); and also to the central government, on one hand via regulatory obligations, on the other hand for the grants it receives for WUCs. DDCs also ask WUCs to be accountable to their members and community through signing an agreement to improve the governance system in the water users committee, and all the observed agreement documents verified this. This is also part of the LSGA that regulates the functions of WUCs and DDCs.

Table 15: Service provision accountability - DDCs and WUCs

Accountability Node	DDCs	WUCs	Provision and practice in agreements
Delegating	Yes		DDCs' responsibility, as it initiates the agreements with WUCs and defines the roles and responsibilities in service provision, but in very loose terms.
Financing	Yes	Yes	For implementation of a drinking water scheme, 20% of the total cost should come from the community's participation, which is mandatory as per the rules, and 80% comes from the Government. In practice, this is more or less maintained by both parties.
Performing	Yes	Yes	Major responsibilities fall to WUCs, but DDCs are also involved in providing technical support to WUCs free of cost as part of their supervisory role, though DDCs depend on SPs to provide this.
Informing	Yes	Yes	Major responsibilities fall to WUCs to provide the physical and financial reports to DDCs, but the DDCs also monitor the progress of WUCs and submit progress reports to the DDC Council and to the respective department and ministry. It was found that WUCs failed to report the progress of the schemes timely and with adequate information, and also that DDCs failed to actively secure the information from WUCs.
Enforcing	Yes		DDCs assumed full responsibility for this, as the financing and executing authorities of the drinking water schemes. However, in reality DDCs are too weak to enforce WUCs to comply with the provisions made in the agreements.
Arbitration	None	None	No such provision exists in the agreement format, clauses, terms or conditions established in the written form. This is one of the reasons why the agreements with WUCs end up with informal settlements.

In an ideal 'co-production' situation, this relationship comprises certain characteristics like reciprocity, mutuality, self-organization, peer support, and the virtues of a network (NEF 2008). It also embodies the principles of the social capital co-production features (customers as innovators, critical success factors, resources, assets-holders and community developers) (Bovaird and Loffler 2013). Although not every single one of these characteristics and principles may be found in any specific relationship, several of these characteristics have shown their strong presence.

5.4.2   Relationships between DDCs and SPs

The development market contracted during the Maoist Insurgency period (1995 to 2005), but later expanded following the signing of the peace accord between the Government and the Maoists in 2005. Immediately the expanded donor market started crowding with SPs (NGOs). This was not only limited to community development activities such as education, health, livelihood, micro-finance, women's and children's services, but in other sectors such as human rights, peace building, democracy and governance. For their survival, many SPs (or NGOs) started exploring the possibility of work in the open job development market – in many cases, jointly with other partners or as the sub-contracting partners of the local, district and national level NGOs and INGOs. Many social sector SPs have registered themselves both as an NGO and as a private company in order to enter into both the social and private sector development markets. Many service provider NGOs do this to create a pseudo-competition for bidding in order to fulfil the requirement of a minimum number of bidders when both NGOs and private firms solicit their bids.

NGOs:

For instance, Integrated Development Society (IDS), a Kathmandu-based NGO has also established the Engineers Trainers Associates (ETA) NGO as its sister organization. Both NGOs won the contracts to provide technical services to the DDC for Pyuthan District.

Likewise, the Development Management Institute (DMI) Consulting Pvt. Ltd. Kathmandu has also established a firm named Support for Development Initiative Consultancy (SDIC) Pvt. Ltd. Although they are registered separately, their sole purpose is to maximize the chance of winning contracts.

In this research, according to DDC officials and SP staff, the DDCs had selected all service providers from the open job market although the tender was opened for all, including private companies, to procure the technical assistance services. For this, DDCs had applied an elaborate selection process. An adequate number of NGOs, more than three in most of the cases, had participated in the bids, but interestingly not a single private registered company came forward. The whole procurement process was carried out according to the standard procedural measures prescribed in the National Procurement Act and LBFAR (Local Bodies Financial Administration Rules) of the Government, and also following many basic elements of the World Bank's and the Asian Development Bank's procurement guidelines. The service transactional arrangements reflected NPM principles through the use of a performance framework for service measurement and open competitive bidding.

Interestingly, during recent years, a greater number of NGOs as service providers has entered into the private sector market. Most of their relationships are business model-based, originated through the market (or negotiated in the market), which is of a client relationship in nature and not like the social value-based relationships that exist between DDCs and WUCs.

This argument is also strongly supported by the accountability framework (Table 16), which shows that SPs and DDCs have a clear-cut contractual relation without any duplication or overlap of accountability nodes. In addition, this relationship shows a very strong NPM orientation and P-A characteristics.

Table 16: Service provision accountability - DDCs and SPs

Accountability Node	DDCs	SP/NGOs	Provision and practice in contracts
Delegating	Yes		DDCs delegate contractual responsibility to SPs (deliverables, outputs, cost, reporting, monitoring, arbitration).
Financing	Yes		DDCs compensate SPs for rendering the specified services as per contractual terms and conditions.
Performing		Yes	SPs perform as per contract.
Informing		Yes	SPs report work progress to DDCs as per contract but findings show SPs provide little information on time while DDCs lack means to compel them.
Enforcing	Yes		DDCs should enforce sanctions if SPs fail to perform as per contracts though seldom do.
Arbitration	Yes	Yes	Provisions for arbitration exist in contract documents. But findings uncovered no examples of their use.

5.4.3   Relationships between WUCs and SPs

No formal 'agreement' or 'contract' between WUCs and SPs has been found in drinking water provision, although one is the beneficiary and other is the service provider on behalf of the DDC for drinking water schemes. However, it was found that some working co-operations between WUCs and SPs were sought in the contract documents. This has been achieved in most cases by using the VDC secretaries (government officials at the lowest units of local government) and the WUCs' members to witness the contract. During interviews with SPs, some were in favour of having tripartite (DDC-WUC-SP) or even quadruple (DDC-WUC-SP-VDC) contracts for the effective implementation of schemes. If this had happened then it could have been an interesting subject to study, to see how the accountability features would work to define the service delivery relationship in such a situation.

5.4.4   Conclusion

By applying the P-A framework, the accountability relation in the drinking water service provision between DDCs and SPs is found to be unidirectional, while on the other hand, the relationship between DDCs and WUCs entails a mixed and shared accountability, which is collaborative but more of the co-production type in the given service provision.

SPs are directly accountable to DDCs, as no such shared partnership (responsibility, risk and reward) is established, except in that one purchases service from the other purely in a competitive contractual form. Hence, a market-driven relationship characterizes the accountability transaction in this relationship. Therefore, the organizational character of SP NGOs as service providers here is ambiguous – is the motive purely social (as with non-profit voluntary sector organizations) or has this ultimately been transcended by the financial one?

Legally, WUCs are accountable to DDCs partly because of the devolved process of public service delivery provision (LSGA 1999). DDCs, by their institutional characteristics as local government organs, are public organizations that finance, supervise and monitor the drinking water schemes for WUCs, and at the same time WUCs also co-finance and share the resources for drinking water schemes' construction. DDCs are also involved jointly in planning, designing, public auditing, and providing technical supervisory support variably for the construction of the schemes, and some are also involved in providing support to WUCs in the schemes' operation and maintenance, besides this being available through SPs. Although all these things do not happen rigorously and seriously in practice, as shown by the findings, there are enough policy support and moral obligations on DDCs to support the WUCs in these areas. This relationship is based more on reciprocity (resource sharing), self-help (voluntarism) and community governance. Hence, the accountability in

this service provision can be characterized by a social relationship, which tends to give more emphasis on the community social process.

5.5 Organization and financing

5.5.1 District Development Committees (DDCs)

The 75 Districts of Nepal are the intermediary local government institutions in between the central government and the 58 Municipalities and 3915 Village Development Committees (now 191 Municipalities and 3,625 VDCs) of the country. They are autonomous institutions with a legally established political mandate for self-governance and development. They enjoy a high degree and wide range of functional power, ranging from developmental (education, transportation, health, water), financial (tax, revenues, expenditure) to judiciary matters (handling of minor local legal cases). They coordinate developmental activities with other line agencies of the government and also with the local NGOs, CBOs, political parties, and private sector (merchant and business associations, consumers associations).

They are permanent institutions with elected bodies. Institutionally they are politico-administrative and development bodies, and their developmental roles change as per the national development priorities and policies. From the 1980s, under various institutional means (legal, policies, structural adjustment), the government has tried to strengthen local bodies as the vehicles for service delivery in rural areas. To bring the private and third sectors into public service provision, adequate service provision mechanisms have been made in the Local Self-governance Act 1999 and the National Development Plans (NPC). Although DDCs are development-oriented organizations, their organizational characteristics fit into what Norman Uphoff (1993) considered typical of public sector institutions. For instance, they still have bureaucratic administrators rather than

development facilitators, are guided by regulations, use state authority to enforce sanctions, and the mode of operation is normally top-down.

In drinking water service provision the role of DDCs in partnership with WUCs is one of financing, monitoring, and supervision, while WUCs themselves implement the schemes through sharing the resources with DDCs, such as matching funds, the contribution of labour and local materials.

The application of New Public Management in the DDC service delivery system is constrained by two factors. The first is that DDCs in the past have never been developed as professional service delivery organizations; they act more like political institutions. The second is, as a by-product of the first, that the national government has always preferred, where foreign aid has been involved, to establish separate project implementation units within the local governance system under the direct control of the central government's departments or ministries, instead of making DDCs fully responsible for the implementation of local development projects. As discussed earlier, there are many types of sectoral development projects (e.g. RAIDP[99,] RRRSDP[100], DRILP[101], and CBWSSSP[102] etc.) implemented through DDCs, but having their own separate independent units (or project offices), so that they are accountable to their line departments and funding agencies, rather than to DDCs.

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[99] The Rural Accessibility Improvement and Decentralization Project (RAIDP) supported by World Bank. For more information refer http://www.dolidar.gov.np/program-projects/rural-accessibility-improvement-and-decentralization-project/.

[100] The Rural Reconstruction and Rehabilitation Sector Development Programme (RRRSDP) supported by the Swiss Agency for Development and Cooperation (SDC) and the Department for International Development (DFID). For more information refer http://www.dolidar.gov.np/program-projects/rural-reconstruction-and-rehabilitation-sector-development-program-rrrsdp/.

[101] The Decentralized Rural Infrastructure and Livelihood Programme (DRILP) supported by the Asian Development Bank (ADB) and the Swiss Agency for Development and Cooperation (SDC). For more information refer http://www.dolidar.gov.np/program-projects/decentalilzed-rural-infrastructure-livelihood-programme/.

[102] The Community Based Water Supply and Sanitation Sector Project supported by the Asian Development Bank (ADB). The project is already phased out.

Their budgeting, management, operation, reporting and decision-making systems indicate that these project support units are more like independent entities under their own line departments. However, from the central government perspective, this can be considered an effect of NPM, as part of agencification rather than the devolution of functions to the local governments. The DDCs are used just as an institutional cover to give devolution a local face, whereas in practice, the central government departments play the role by following certain standard procedural measures prescribed by the government and aid donors.

With their diverse and very wide roles and responsibilities, DDCs have 40 to 60 permanent regular staff, more administrative than technical; each has an annual average budget of approximately NPR 272 million[103]. Staff and budget may be greater in larger and urbanised districts. Since DDCs perform all sorts of development administrative tasks, their strategies are guided by public demand through a bottom-up planning process (LSGA) that is reflected in the District Annual Plans (see Appendix VIII for the list of the District Annual Plans and Budgets that have been studied thoroughly). With the support of the central government, or of donors, and also on their own initiative, some districts have formulated 3 to 5 year periodic plans. These plans may be considered the mid-term strategic plans of the districts.

Nevertheless, there is a tendency not to update these plans, so that the needs and priorities become mismatched over a period of time. These plans, both periodic and annual, are capped within the broader national development policies under the guidelines of the National Planning Commission's own periodic plans, and accordingly the budgets are released to the respective DDCs by the Ministry of Finance through MoFALD. Owing to their poor capacity to mobilise internal resources, and depending heavily on central

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[103] The average annual budget of 7 observed DDCs' for the fiscal year 2067/68 (2010/11). The average budget of 75 DDCs is NPR 271.9 million (approx. GBP 1.7 million). (Source: Local Bodies Fiscal Commission Secretariat, GoN (2012). Local Bodies Financial Status Assessment FY 2067/68)

transfers (77% of the total revenue) (LBFC 2011), almost all DDCs in Nepal find difficult to mobilise their resources for their own development.

The national development policy instrument has focused more on drinking water after 2008 (UNDP Nepal MDG, NPC 2013), although in general the overall national policy towards development was already favourable (see Chapter 3 for details). As a result, from the fiscal year 2009 onwards, detailed policy directives have started to emerge as the dominant policy feature in District Development Plans, taking into account the technical support for the various projects and programmes including RWSS Project[104], UNDP, WB and ADB. Refer to Appendix VIII for the list of the District Development Plans of Nawalparasi DDC, Parbat DDC, Syangja DDC, Pyuthan DDC, and Tanahun DDC that have been examined minutely for the purpose of analysing their policy and programme and its implementation status.

In the absence of elected officials, the downward accountability of DDCs in the service delivery chain is weak, although DDCs implement development programmes working very closely with public and other social organizations, and helping them to articulate their demands, needs and priorities through popular participation. Since 2002, DDCs have been non-representative organizations, becoming more bureaucratic than political, and this has adversely affected development works. Throughout this period, the development strategies of DDCs have been more inclined towards central government, and have had a bureaucratic orientation rather than a local constituency-based one. Nevertheless, from 2012 the MoFALD has encouraged local participation by establishing the 'Citizen Ward Forum' to address the people participation issue (see http://www.mofald.gov.np).

For the observed DDCs, the involvement of NGOs as service providers by the DDC itself is new, particularly in rural drinking water provision. Although the CBWSSSP project

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[104] For detail refer to www.rwsspwn.org.np

attached to DDCs as a separate project management unit had done this (see Chapter 3.2.6), DDCs on their own have never done technical service procurement for drinking water supply before. Each observed district used to receive roughly NPR 5 million annually for drinking water and sanitation programmes from DoLIDAR. Each DDC also received additional funds from the central government. This also included donor support in some cases, ranging from NPR 3.5 million to NPR 22 million for drinking water annually, over the period of the fiscal year 2008/9 to fiscal year 2012/13, depending on the absorption capacity of the DDCs (RWSSP-WN 2013, p. 76). They used these funds directly, together with the water users' committees, for drinking water schemes' repair and maintenance, and used very little for the construction of new schemes. For DDCs, finance for drinking water programmes comes from three sources: central government transfer, donor funding, either directly or through the government system, and community participation.

As discussed earlier in Chapter 3.2, the national policy thrust particularly in the rural drinking water sector is characterized by a 'collaborative' and 'co-production' approach, often called the 'community approach', that has prompted an 'agreement' type of transaction relationship with community associations. This policy environment also encourages the mobilisation of community resources. However, this type of relationship contains weak accountability features in the public service domain, where the role of DDCs has remained merely as weak facilitators rather than compliance enforcers. On the other hand, the DDCs' relationship with SPs in service delivery is a contractual one, but DDCs are organizationally weak in structuring, monitoring and enforcing the 'contract' with the SPs. Apart from routine functions, DDCs in general were found not to be strengthening their service delivery capacity for better performance, except in some districts where donor-supported projects are helping them to build their capacity.

5.5.2   Water Users' Committees (WUCs)

Both the concept and the establishment of WUCs have proliferated in Nepal, mainly after the 1980s, with a fairly strong policy change in favour of community and civil society participation in service provision at local levels (refer to Chapter 3.2.4). This has been through community participation as service users, financers, operators, managers and owners as well. Its successful application in the forestry sector in 1990s (Dahal and Chapagain 2008) has tremendously influenced the service provision policy in the country. Making the community responsible for planning, programming, financing, implementation, monitoring and evaluation of their resources, projects and services has proven very successful in some sectors in the past. This self-reliance approach in rural development has been further extended to other sectors such as health, education, agriculture, drinking water, sanitation, income generation and micro-finance.

The effect of this policy change has also been seen in the drinking water sector, where the participation of users' committees in service provision has become imperative, particularly in the rural communities. With users' participation, Nepal was able to achieve a figure of 78% provision of drinking water in rural areas by 2010 (SEIU 2011). It is difficult to say how many WUCs are registered and in operation: FEDWASUN[105] has claimed that there are around 3,400 WUCs, benefiting 3 million people in 52 Districts (out of 75 Districts) of the country. This shows the importance, scale and scope of WUCs in service provision, which is very high for any level of policy effect for change in service delivery through social capital mobilization.

Organizationally, WUCs' capacity varies greatly in terms of their structure, management, human resources, finance and operation. Two aspects, those of financial and technical issues, are particularly significant in the successful operation of drinking water schemes

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[105] For more information on WUCs membership of FEDWASUN see http://www.fedwasun.org

by WUCs. These two issues can be attributed to the poor performance of WUCs as indicated in the National WASH Sector Status Report 2011 (SEIU 2011) which speaks of the poor functional status of the drinking water system[106].

WUCs are grassroots community-based self-help organizations (Uphoff 1993), that are therefore different from the general category of NGOs or the third sector which work for others. The rationale for, and origin of, both types of organizations, i.e. WUC and NGO, is different. Their objectives, structure and resource base are also different, although both are membership-based (associational) organizations. In Nepal, WUCs are highly leveraged with state protection while NGO-type service providers are subject to market survival, primarily in the donor development market.

Both WUCs and NGOs may be seen theoretically as examples of social capital, as they display 'reciprocation', 'trust' and 'network' (Platteau 1994, Woolcock 1998, Bourdieu 1986, Coleman 1990, Siisiainen 2000). These social capital values are still found strongly in the traditional social and religious institutions in Nepal. These organizations have for many years been constructing and restoring guest-rest houses, wells, trails and temples (Shrestha 2005, Chand 1999), initiating Guthi (trusts for land), and Dhikur (saving credit) for communities (Shrestha, 2010), and sharing their labour (a kind of time banking) to support each other in farming, and in constructing community members' houses, irrigation canals, and drinking water systems, and this system is still working very well in rural areas in Nepal. They have shown the spirit of true voluntarism, philanthropic and altruistic behaviour. However, this core value is eroding around the world (Lin 1999, Putnam 1995), which is also true in the case of Nepal.

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[106] The national improved water supply coverage is reported as 80%, but about half (43%) of the water supply projects are not fully functional. Source: Nepal WASH Sector Status Report 2011 (SEIU 2011)

Transposing these true characteristics (voluntarism, philanthropy) of social capital into the modern WUCs' behaviour is not a fully compatible exercise, except with their associational and non-profit characteristics. This is because organizational growth invites certain modern management skills and requires market intervention. Many WUCs that are big and successful have already embraced market orientation by charging users fees for service consumption wherever the local economy can support this. However, many drinking water schemes have become defunct where the government's interventions have broken the social structure by the misapplication of incentive.

5.5.3   Service Providers (SPs)

A substantial number of NGOs (37,539)[107] and INGOs (182)[108] have emerged in Nepal, with a variety of purposes, ranging from AIDS education, child welfare, or community, rural, and environmental development to disability issues, women's health, youth services (SWC-N) and human rights and good governance (Danida, DFID, ADB and others). The NGOs' proliferation started during the same time as that of WUCs, from 1980 onwards, when the country embraced liberal economic policies. But this was expedited during the 1990s when the country entered into the multiparty political system, with heavy donor influx. Interestingly the majority of NGOs work outside the government and national budgetary system (36% in 2012/13) (MoF 2013a), and the Government is trying hard to bring them under the national budgetary system (MoF 2013c).

In the WASH sector, around 13% are characterized by 'off national budget' funding (SEIU 2011). Direct donor funding to INGOs/NGOs is often associated with the transparency and accountability issues that have been raised several times in donor forums by the

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[107] These NGOs are registered with the Social Welfare Council (SWC) of Nepal as of Ashad 2070 (July 2013). The NGOs registered with the District (Administration) Office are not included here. If these were included, then the total number of NGOs would be very large.

[108] For more information on the Social Welfare Council (SWC) refer www.swc.org.np

government, a fact which has been reflected in programme/project evaluation reports (DFID 2005) (IEG WB 2008).

NGOs' organizational strength varies widely, from having a few numbers of staff to hundreds[109] and additional associated members. They have shown themselves adept in community mobilization, especially in the areas of community development, group formation and raising awareness. They suffer from inadequate technical competency because they find it difficult to retain technical staff, since these demand higher salaries than other staff (see Chapter 5.2.3).

As mentioned above, the rationale for the existence of NGOs is different from that of WUCs. NGOs are providers or suppliers of services; they are not the users like WUCs. Their purpose for being is blurred and motivated by financial gain. They are weak in their governance, structure and relationships with communities (Shrestha 2010), and financially risky as their own revenue base is mainly dependent on the donor supported development market. They, as service providers, are neither charity organizations nor trusts, and are unable to raise funds through donations or members' contributions, with the exception of a few Kathmandu-based NGOs, such as Maiti Nepal[110] and Tewa[111]. Furthermore, they lack strong membership associations for the purpose of raising funds and contributing to voluntary work. It could be argued that NGOs in Nepal are frequently opportunists, in that they fill the service gaps where private companies do not see much scope for financial gain. In the observed districts, only one Service Provider NGO was found involved in micro-finance activities alongside other community development work. This NGO, having several branch offices in other districts, is fairly large compared to other NGOs.

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[109] Some NGOs have a saving credit/micro-finance component along with other components. NGOs with a micro-finance component hired a large number of staff for outreach purposes.

[110] "Maiti Nepal" campaigns against the trafficking of children and women in Nepal. For details refer http://www.maitinepal.org

[111] "Tewa" was established as an alternative model for development within the Nepali context. It promotes both sustainable development and women's empowerment. For details refer http://www.tewa.org.np

Since the NGO service market in Nepal is primarily guided by donor funds, they dictate the terms and conditions for the use of these funds according to their own priorities and interest. They use different funding approaches at different partnership levels (INGOs, Urban NGOs, Rural NGOs and CBOs) (Singh and Ingdal 2007). Normally, NGOs have entered into "partnership" with foreign embassies or INGOs directly through signed agreements. However, in the recent past, the selection of NGOs has become more rigorous and competitive, especially in those projects or programmes jointly funded by the government and donor agencies. For instance, the quasi-governmental bodies like Rural Water Supply and Sanitation Fund Development Board (RWSSFDB, funded by the World Bank) and the Poverty Alleviation Fund (PAF, also funded by the World Bank) have outsourced technical services to a third party through competitive bidding.

Although the institutional characteristics of NGOs are grounded on the same social capital roots as those of WUCs, the observed Service Provider NGOs involved in drinking water supply have shown different attributes from those of an ideal NGO. They tend to deviate from their public benefit and social values (Edwards 1999, Fowler 1997, Gerard 1983, Kilby 2006).

To summarise, in Nepal the service providers, which are intermediary NGOs, particularly those studied in this research, are associational in structure, and describe themselves as voluntary organizations. However, many are very dependent on the donor market, both for their long-term prosperity, and even for their survival. Their decision-making style is not transparent and remains lodged with a few members, mostly confined within the circle of family relatives or close friends. They prefer grant agreement (Geldards 2013) for their mode of service relationship, but will also take the opportunity to enter into the competitive service market through bidding or negotiation. Organizational decision criteria are influenced by revenue maximization, and the sanctioning of members' behaviour is

achieved through business transactions. The mode of operation is individualistic and their collective action exhibits remunerative behaviour rather than normative values. Refer to Table 17 for the traits exhibited by the Service Provider NGOs in general, and particularly in the drinking water service provision.

Table 17: NGOs in Typological Grid

Typology	Ideal characteristics	Exhibited by SP-NGOs
Structure*	Voluntary association*	Established as voluntary association but later moved towards market competition.
Decision makers*	Leaders and members*	Lodged closely with a few executive members.
Guide for behaviour*	Agreements*	Normally seeks work relationships through agreement but increasingly involving in competitive bidding.
Criteria for decisions*	Interests of members*	Maximization of revenue, efficiency
Sanctions*	Social pressure*	Business transaction loss
Mode of operation*	Bottom-up*	Tends towards individualistic
Collective action behaviour*	Normative or Remunerative*	Moving towards remunerative

Source:*Adapted from Uphoff, N. 1993, p. 610

5.6   Externalities

Two major factors have emerged which influence relationships between the actors involved within the current institutional setting.

5.6.1   The institutional framework

National policy, the national priorities, the legal framework and the present organizational structure have hugely favoured the decentralization of the governance system in Nepal. Local people's participation is imperative on every development front, and most importantly in the rural areas where the capital and financial markets do not function

properly. Here the presence of the government is minimal, due to physical remoteness and access difficulties, thus making the government largely dependent on the community's own resources for development. This institutional environment supports the arguments of "self-help", "subsidiarity", and "bottom up" development approaches, in which the role of government is limited to assistance, facilitation, or oversight, or more prominently to stewardship (Kee, Newcomer and Davis 2007). The community has been given more power in service provision, as it is believed that government alone cannot fulfil the basic service requirements without the active participation of the local communities in all aspects of development. Therefore the Government of Nepal has adopted the community development approach to public service provision as one of its main development policy tools.

This approach has prompted the notion of the rural drinking water service as a socially delivered goods. The process is conducted jointly by public (DDCs) and social (WUCs) organizations for the benefit of their members (WUCs) or citizens (DDCs). Here the objective, the means and ends are the same, therefore more trust-based relationships (in the form of "agreements") can be established, which are less formal than the legally binding relationship in the form of the "contract" which DDCs use with SPs. This relationship (DDCs with WUCs) exhibits more of "co-production" and "collaborative" characteristics in service provision. Nevertheless, despite this, DDCs exert certain regulative power, being public institutions.

However, the organizational readiness of DDCs to facilitate the process of service delivery through agreement is constrained by the easy-going attitude of the DDC officials, and the poor organizational capacity of DDCs to monitor the performance of the agreements, given that they are not fully competent in the areas of oversight and enforcement.

But, so far as the service provision relationship between DDCs and SPs is concerned, this has demonstrated a "contractual" arrangement, as it depends on heavy and formal legal clauses and compliances. However, again as in the agreement type of relationship, the DDCs' organizational condition indicates that they are very weak in managing the contract properly, especially from the monitoring and enforcement perspectives. Overall transaction (or accountability) features in this research show that the relationship is more market-oriented than that with the WUCs, in that DDCs procure technical services from the open market through an open bidding process. Although the technical services are procured for a public purpose from Service Provider NGOs, whose institutional purposes should entail non-profit motives, their actions show otherwise. Hence, despite their claimed non-profit objectives, the NGOs of Nepal pursue their survival in the development service open market, which is highly vulnerable to donor funding.

This has posed a serious challenge in our understanding of the term "NGOs as service providers" in the Nepalese context, and poses questions for policy debates in public service delivery. That is to say, NGOs involved in public service delivery through open market bidding are surrendering their core institutional values, and taking undue tax and legal benefits. This has already tagged them as opportunists, and places them in danger of losing trust in the eyes of the public. The question of their motives, and their loss of credibility because of their poor governance and non-transparency, has damaged their image.

These non-profit organizations competing for profit in the development market often end up in hostile relationships with DDCs because of the 'rent seeking' behaviour of the DDC officials. Besides this, the DDC officials either overlook the poor performance of SPs or scrutinize them over-strictly, so that later on, by showing up Service Providers' faults, they can exert undue pressure in order to take undue benefits for themselves. This situation becomes more persistent when the DDC officials think that service providers are making a

profit out of the transaction and are getting their share from this transaction as part of their right.

Box 4: Commission

> This is the by-product of the administrative bureaucratic culture of Nepal in which any financial transaction carried out by government offices with private organizations, including non-profit ones, bears a minimum 10% commission for government staff. This tradition has long been in existence. Efforts are being made to control it, but are still far behind in their attempts to reduce the effect. See the article in Kantipur, (Nepali national daily) 1 August 2014 page 2, titled "Caught in red hand". In the article, government officials clearly mention that they receive 10% of the payment made to contractors. Every day, such articles on corruption are featured in the national and local newspapers.

Policy debate is warranted, because of the difficulty in instilling appropriate accountability features in the service transaction relationship, both due to the legitimacy issue and to the functional relationships of DDCs with WUCs and SPs. Each of these actor-sectors has different organizational and institutional features in terms of their origin, purpose, structure, and resource generation. Debate is particularly needed because of the existing anomalies both in policy directives, and in the legal framework that defines the users' committees and non-governmental organizations as fundamentally the same. It sees them as inhabiting the same normative social domain, whereas in fact they are two quite different organizational entities or institutions, as the findings of this research reveal. WUCs are social units, while Service Provider NGOs behave like private business units. Both are associational organizations but with different means and ends. The former are intended to provide services to their members while the latter aim for financial gain; the former (WUCs) have a limited physical location (where the service users' community exists) and are sectoral in scope (drinking water only, sometimes including sanitation) while the latter (NGOs) can operate right across the country in a multi sectoral environment (drinking water, health, education, irrigation, livelihood, for example). Similarly, the former (WUCs) generate resources through their members (service fee,

donation or other contribution e.g. labour, materials) while the latter (NGOs) generate resources by selling their services mainly in the development and private sector market.

5.6.2 External factors

In Nepal, the 'off budget' aid (36% of national WASH budget, 2013) is enormous, and a quite significant influence on public sector programmes. The donors directly disburse these funds, mostly through INGOs[112], without following the participating government's national system. Thus they influence the objectives, structure and functions of the non-profit voluntary sector in Nepal in three closely interrelated ways. These are i) by offering a different incentive structure within service delivery, ii) by adopting a different service delivery structure, and iii) by distorting the national and local accountability chain.

Setting a different incentive structure that is more than the market can offer has led to a wage and price disparity in both service and material procurements. This also allows the elites (political, social, civil society, business, civil service etc.) to make captures in many cases. It has side-lined the indigenous know-how and deep rooted social self-help voluntary spirit, which has now been displaced overcome by the modern intermediary NGOs (Carroll et al. 1996, Sanyal 2006),[113] who have become the service providers mostly working for donor supported projects and INGOs. Some of the NGOs involved in human rights, democracy, and humanitarian services were strongly promoted by donors during the conflict period, with the objectives of saving lives and humanity. During the same period a large number of NGOs emerged and flourished under the influence of the

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[112] The Development Cooperation Report of 2013/14 of the Ministry of Finance, the Government of Nepal shows 56 INGOs that have spent NPR 75 million (approx. GBP 468,750) on 110 projects in Nepal during the fiscal year 2013/14. Source: http://www.mof.gov.np/uploads/document/file/DCR_final_12_13_2014042507361_20140426023938_2014 0724072150.pdf

[113] For this research, the intermediary NGOs are those NGOs who work as service providers mainly for the community, not for themselves like WUCs. One of the good indicators is that they are associational but they do not raise funds through their members. They receive these funds from other organizations, especially from external donors in the case of Nepal. Their governance structure is different from indigenous community based organizations, in which a few board members influence the policy and operation of the NGOs and also the distribution of resources is confined within a very few.

elites, in the interest of resource generation for their own private or political purposes. As representatives of the elites, regardless of whether they are from political, social, civil society, business community, or civil service backgrounds, they have easy access to the donor community in Kathmandu for business deals which are mainly done through personal connections and networks (Singh and Ingdal 2007). All these have differentiated the indigenous CBOs from the donor-promoted modern intermediary NGOs in Nepal, and these modern NGOs have eclipsed indigenous CBOs. Despite this, indigenous CBOs still survive because of their social roots, whereas many modern NGOs exist in name only, and many of them have already disappeared, either defunct or remaining dormant (SWC-N).

The biggest challenge to donor support is in its need to trace the chain of accountability of the donor-funded NGOs. Normally, NGOs are found to be opaque and unaccountable to both the local and national government system. This issue is widely acknowledged in development cooperation in Nepal.

5.7 Conclusion

The concept of 'medium artefact' (or 'tool') of Activity Theory (Engestrom 1999) is applicable to service transaction relationships between the actors in this study (DDCs with WUCs and Service Provider NGOs). These relationships are built on the 'accountability features' following Agency Theory (WB, 2004), and an examination of the contents of this artefact has revealed two distinctive service delivery transactional relationships between the actors in the rural drinking water service provision in Nepal. They are 'contractualism-oriented' and 'collaborative-oriented' service transactional relationships. As a result, the service transactional relationships between DDCs as public organizations and WUCs as social-community organizations can be seen as loosely defined, both in a legal sense, and also with regard to the transactional formalities required to safeguard the outcomes.

Thus it is characterised by weak accountability features compared to those of the service transactional relationship between the DDCs and SPs as the findings of this research show.

Hence, the service delivery compactness in the 'agreement type' of relationship is found to be weak compared to that in the 'contractual type' of relationship. This leads to the theoretical proposition that, in public service delivery, 'compactness' can be achieved in a more formal hierarchical accountable structural relationship more successfully than in the loose type of informal relationship.

Among the accountability features (delegating, financing, performing, informing, enforcing and arbitration) in service delivery transaction, the enforcement, arbitration and informing (progress reporting) are the weakest aspects of both types of relationships: agreement and contract. However, more of these problems are seen in the agreement type relationship because of the poor structuring of the contents in agreements.

Moreover, the DDC officials have accepted many procurement management-related issues themselves. These include a lack of timely monitoring of the performance of the SPs and WUCs, lack of financial compliance, delays in approval, and inappropriate work volume and costing; and lack of trained manpower. They have also affirmed that resources are not a problem for monitoring, supervising and executing the agreement or contract.

WUCs, as community based self-help organizations having a very simple associational form and management structure, often lack management competency to run and expand these systems. The community collaborative approach towards community services, mainly through resource and labour sharing (time banking), is the key strategy they adopt

to meet the financial requirements. Their survivability depends on their membership, on local human and natural resources, and on government support.

Service providers, as intermediary NGOs, are very susceptible to the capital market, and even more to the donor supported development market. They change their structure and strategy to align with the development support policy of external aid rather than relying on their own membership and internal resource mobilization. Some Service Provider NGOs are innovative and contribute meaningfully to development, but their sustainability in the long run is questionable, unless they divert their strategy towards other resource generation activities, and change their resource base. This is because, on the service demand side, either the donor market may be constrained in future or it may become more competitive, thus demanding greater public value, transparency and accountability in service delivery transactional relationships.

CHAPTER SIX

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6. Discussions

6.1 Introduction

This Chapter discusses the findings of the research in relation to the theoretical premises (PA, NPM, and NPG) and practices in public service delivery. The discussion is developed through consideration of the service provision relationship, which is based on accountability features (WB, 2004) (refer Chapter 4.4.6), between three sectoral actors. Figure 34 provides a diagram of the concept of micro- to meta-analysis of public service provision; at the same time, it helps examine the epistemological roots of theories (or disciplines) involved in public service provision.

Figure 34: Conceptual framework for discussion
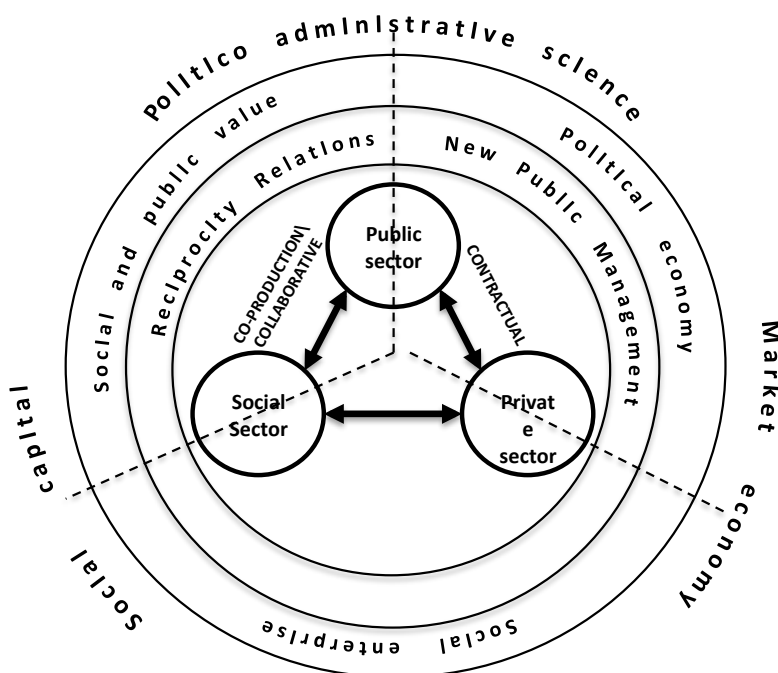
From an organizational perspective, public service delivery is a transactional phenomenon in which different sectoral organizations forge relationships in order to achieve specific objectives. The theoretical foundations for the functioning of each of the organizational forms involved may be characterised as the market economy for private organizations, politico-administrative science for public organizations, and the social capital theory for community organizations. As these organizations have different organizational features and institutional roots, when they interact with each other their structure, values and culture are negotiated or compromised. These interactions have been derived from a dyadic theoretical base such as Political Economy (Frant, H 1998, Lane, J.E. 2000), informed by ideas such as New Public Management for the relationship between the public and private organizations, and the concept of Social and Public Values that characterises the collaborative and network relationship between the public and social organizations.

The following discussion deals with these theoretical domains and their practical implications in public service delivery, in the context of the provision of rural drinking water in Nepal.

6.2 Service delivery discourse

Public service provision may be considered from a political angle to be within the public policy perspective, on account of the role played in it by considerations of power and resource distribution. Its prime concern is "who" (individuals, constituencies, location) gets "what" (resources) and "when" (time). The policy and strategic decisions regarding how to deliver public services fall within the purview of incumbent governments. The decision choices available to select the means of service provision comprise three types: getting things done by others outside of the government organizational system; or by the

government itself directly; or in partnership. To accomplish service provision tasks demands a kind of working relationship between the actors that represents three sectors (public, private and social). Without this relationship, perhaps, modern government cannot function. And this relationship is formalized by a 'written form' or a 'verbal consent'. Among the reasons why the Government may tend to use public organizations for service provision, is that it needs to produce formal evidence (Isett and Provan 2005) that is subject to public audit and sanction. Even the 'written form' comes in two types, 'contract' and 'agreement' forms. In practice, the term agreement is found to be synonymous with the term 'grant'[114] in loose contractual terms.

The research findings have demonstrated that the contractual arrangement in service delivery transaction offers better accountability features than the agreement type. Despite this fact, as discussed earlier, a large volume of development budgets in Nepal still flows through the 'grant agreement'[115]. NPR 10 billion (approx. £80 million) of the Ministry of Federal Affairs and Local Development's expenditure in the FY 2014/15 was mostly spent through grant agreements between DDCs and users' committees (MoF 2015). This does not include the funds for users' committees spent by other ministries through their sectoral line agencies, which means that the total sum of public funds being disbursed through the agreement type of service delivery relationship could be very substantial.

It is well understood that the 'contract' forms part of a legal discourse that derives from 'social ethic' values (Carruthers 1999), which have become the spirit of social relationship constructs, and is formalized by governments by institutional and legal means in order to conduct public business. This shows that moral value is an essential part of a contract, but in formal governmental transactions, moral value is not adequate by itself. This is

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[114] In Nepal, the Public Procurement Act (2007) and Rules guide all public procurement-related works, either for goods or services. At the same time the Local Self-governance Act and Rules (1999) and the Local Bodies Financial Rules (2007) guide public procurement, though these are based on the Public Procurement Act, but concentrate more on how to engage the social organizations like NGOs and CBOs in the service provision through 'agreements' to receive grants.

[115] In the UK, £ 11 to 12 billion each year goes to the TSOs (Papasolomontos and Hand 2009).

because moral value is subjective in human behaviour. It may help individuals to do the right things but it does not provide the means as to how these things are transacted. Therefore, in public service, both 'moral value' and a 'formal contract' are essential and complementary. The former can ethically guide the behaviour of service providers, and the latter provides means of accountability. In other words, it is there to see whether the performance and commitments are carried out as per the contractual relationship or not.

Interestingly, contractualism has become a global phenomenon now that world development co-operation has become a cross-boundary issue. A contract as part of a procurement regime has become an important aspect of development co-operation globally, by means of which the aid (grant or loan) providers (EU[116], ADB, WB) exert tremendous pressure on the recipient countries, demanding strict compliance with the standard operating guidelines or procedures of procurement (Basheka, B. 2009). For example, the European Union as a single market follows the European Commission's 'Public Procurement Rules' for its members. Similarly the World Bank compels its members to follow the World Bank's standard procurement guidelines[117], and so too does the Asian Development Bank[118]. Many countries must have adopted these guidelines within their own national procurement system, which the two international banks (WB 2011, ADB 2013b) encourage them to do as part of their mission to build the domestic procurement capacity of the recipient countries. The Nepalese procurement system is also influenced by these global procurement practices. They are well reflected in the country's Public Procurement Act, and the rules, policies and institutional mechanisms whose ultimate aim is to improve the overall governance system of the country.

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[116] For the European Union procurement guidelines see
http://ec.europa.eu/internal_market/publicprocurement/index_en.htm accessed on 26 March 2014.

[117] For the World Bank procurement guidelines see
http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/ accessed on 26 March 2014.

[118] For the Asian Development Bank procurement guidelines see
http://www.adb.org/documents/procurement-guidelines accessed on 26 March 2014.

The WB (2011) and ADB (2013) advocate procurement, especially in the contractual form, not only in order to obtain economy and efficiency in the implementation of projects (or services) but also to offer uniform and equal opportunity to eligible bidders, and furthermore to ensure transparency in the procurement process. However, this procurement has far reaching implications from the governance perspective, if one considers accountability as one of the main ingredients of good governance. It is more than a process (transparency and participation), even more than an output (economy and efficiency). In public services it dictates service quality, quantity, price, time, process, place, beneficiaries, management, the supplier or producer, allocation of responsibility, monitoring, supervision, compliance and enforcement, and above all it ensures accountability. In other words, a successful design, structuring and implementation of a contract provides a fair chance that a project (service) will be commissioned and operated successfully and sustainably. In fact it is the link in the service transaction relationship between the actors involved that ensures the democratic accountability of the spending of public money (Steele, J. et al. 2003).

In Nepal, at the sub-national level, the grant is used mainly for social services, and is normally formalized by signing an agreement between the local government and community organizations (WUCs). Due to the requirement for local participation, this arrangement does not tend to attract those types of NGOs who are objectively established as intermediary service providers (Carroll et al. 1996, Sanyal 2006), but only those who are users themselves and who pool their resources in the common interest of community (Uphoff 1993).

In the UK, the terms "contract" and "grant" are distinctively defined. According to Geldards (2013), the Welsh Government (HM Treasury 2006, p.17) defines a contract with procurement as:

"Procurement is defined as being the acquisition of goods and services from third party suppliers under legally binding contractual terms, where all the conditions necessary to form a legally binding contract have been met."

Regarding grants, according to HM Treasury (UK) "A grant is a financial transfer used to fund an activity because that activity is in broad alignment with the funder's objectives" which is further qualified by the National Audit Office by saying that "A grant is an extremely useful way for a public body to fund a TSO for activity that is in line with one or more of the public body's objectives" (Geldards 2013).

There are two fundamental characteristics by which to distinguish a contract from a grant (also called a grant agreement) (Geldards 2013). These are 'legality' and 'competition'. A grant is normally relatively free from these two conditions, while a contract is strictly regulated by the state's contract law, broadly in some cases called a Procurement Act, which seeks to procure services or goods from the market through a competitive bidding process. This would suggest that the grant system is objectively intended for funding TSOs (HM Treasury 2006).

It may be argued that these two artefacts (Engestrom 1987) 'grant agreement' and 'contract', in fact define the whole public service delivery relationship – the approach, principles, theories and practices implied in public service provision – from the organizational relationship point of view. As we have seen, these two artefacts (or tools) that formalize the relationships in service provision are often found blurring or overlapping in their meaning and application, and thus have given different connotations to public service provision in different contexts. For instance, a written form of service delivery relationship could be one of a heavily legal binding contract or just simply an agreement or even in a loose form like a memorandum of understanding. The grant agreement might have its unique strength in public service provision, but many governments around the

world have, according to Smith and Smyth (2010, p. 273) "shifted their initial funding of third sector organizations to more formal contracts with competitive tendering and substantial regulation".

6.3   Factors affecting accountability

The institutional environment and the organizational system determine the features of accountability in the service transactional relationship. Three factors in particular that directly affect the relationship of sectoral organizations may be considered. These are whether the organizations concerned, as part of their institutional domain, have homogeneous or heterogeneous characteristics in terms of:

- their origin, purpose and core values,
- their source of legitimacy,
- their organizational, administrative and management structures.

These are considered in more detail below.

6.3.1   Homogeneity and heterogeneity

Organizations with similar origin, purpose, structure and resource base work on trust within the broader framework of the institutional environment (refer to Chapter 2.3.1 for organizations and environment). Their relationship is based on mutual understanding and reciprocity. Such societal units are bonded by unwritten social norms and values that have long been the tradition. The concepts of 'time banking' (Cahn 2011) and 'food banking'[119] are still used in societies where the currency and the market become obstacles to facilitating the service transaction. This social capital concept is widely used in the developed countries like the US, UK, Australia, Japan, and South Korea. Social capital

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[119] For more information on food banking see http://www.foodbanking.org/food-banking/ and http://www.trusselltrust.org

theory (Bourdieu 1986, Coleman 1990, Putnam 1995, Carney 1998, Flora 1998, Ostrom 1998, Scoones 1998 and Uphoff 2000) advocates that social units (or community organizations) having similar origin or purpose, mostly growing out of shared social needs, will share their resources to fulfil these social needs. They exchange their support reciprocally, giving less value to monetary exchange, thus maintaining a very harmonious and cordial relationship.

As long as the social organizations are homogeneous in terms of their origin, purpose and structure, the relationship tends to be informal, trustful and reciprocal. Community initiatives in Nepal in areas such as forestry, irrigation, education, health, saving credits, and drinking water and sanitation provide examples of how social capital is successfully mobilized in the rural areas for local benefit. Many of these social organizations were established after the government introduced a more liberal policy in the country during the 1980s. The effect of this policy has been seen in the great proliferation of social capital almost in every sector of development in Nepal (Dhakal, T.N. 2007).

In Nepal, these social organizations, particularly the community based self-help organizations, may be seen as working effectively without external assistance. They have often performed well in terms of building, operating and sustaining systems (irrigation, drinking water, resting places, schools etc.), only to see this start falling apart when the government has started intervening through regulatory and financial measures (Pant, D.R. 2000). In such circumstances the interests of bureaucrats and elites, both social and political, come into play in resource distribution (Ostrom 2005, Gurung et al. 2011). This has distorted the spirit and basic value system (voluntarism, trust, reciprocity) of these social institutions by embedding formal structural relationships. These may often be compromised for political and financial gain (e.g. the community leaders of the social

organizations fight for financial grants and power) in the case of the public institutions[120].

Government regulates the social organizations by instituting legal frameworks (e.g. Water Resource Act 1992, and Rules 1993), such as setting the criteria to form associations, specifying their governance and management structure, or their revenue mobilization power. These legal frameworks provide oversight on (or control) the social organizations, and provide the means to interfere positively in their day-to-day affairs by facilitating the process. But at the same time, these legal frameworks also provide the means to interfere negatively (rent seeking, corruption) (Wagle, U.R.). Perhaps, in the given socio-economic and political context, it prevails more negatively than positively, due to the residual feudal mentality and resistance to change which characterise the bureaucracies and political leaders in Nepal (refer to Chapter 3.1.3 for details).

DDCs and WUCs of Nepal exhibit "non-profit" oriented relationships. Both have pursued somewhat similar objectives (ends), i.e. public and social welfare, with non-profit means (public and community values) although they differ in strategies (value for money versus membership enhancement), in structures (bureaucratic structure versus community governance), in human resource arrangement (paid staff versus volunteers) and in resource base (tax versus sharing). But despite having different natures as organizations (one is public and the other is social) these two sector organizations show major forms of homogeneity in their organizational characteristics and relationship. When interacting for a common cause, these types of organizations forge their relationship based on their value system, which is guided, confirmed and assured by their compatible purpose, which is to serve the people with non-profit motives.

If the same lens is used to view Service Provider NGOs, as observed in this research, then a different type of relationship is demonstrated. They are found to be rigorously

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[120] For Jupra Drinking Water Users' Committee in Surkhet District all major political parties (Nepali Congress, UML and others) have fielded their own panels for the election of the governance body. Source: Nepal Republic Media, edition of 5 August 2015. There are numerous cases of this in Nepal.

pursuing their work in the development service market in order to maximize their income (or profit in the name of income). The ends (financial gain) and means (business transaction) used by these NGOs do not match with the DDC public service objective. Although the NGOs are established for social reasons and registered with the government to pursue social causes, they do not align with the organizational characteristics of DDCs and WUCs in important respects. They differ from them in their ulterior motive (making profit), their strategy (winning more contracts), their structure (associational but within a close network of family members or friends), their resource base (generated through business transaction, mainly from the donor and the government public service market, using both grant agreement and competitive contract), and their staff arrangement (mostly paid staff).

When the service provider is profit oriented, the government becomes more cautious about forging a working relationship with them. Profit orientation changes the associational characteristics of NGOs. Their management structure becomes a stockholding rather than a stake holding one. Many NGOs in Nepal either have established private companies as their sister organizations to bid for contracts, or are still working as NGOs in the development market with a hidden interest in making income for personal benefit through undisclosed share stocks or investments. Table 18 provides a synopsis of the features exhibited by the DDCs, WUCs and Service Provider NGOs in Nepal.

In summary, those organizations which have, or tend to have, homogeneous organizational characteristics, build their relationship on "trust" (non-profit motive with a shared cause of public service) and "reciprocity" (sharing of resources), that attracts less formality of legal application, compared with the heterogeneous organizations, where the relationship is forged based on the formal contractual transaction mode.

Table 18: Organizational practice and features exhibited by DDCs, WUCs and SPs

Features	DDCs (buyers)	WUCs (users)	NGOs (Service Providers)
Purpose	Public service	Social service	A mixture of profit and community service
Strategy	Value for money	Providing social benefit to members	Works in public service market (Gash, et al. 2013) (Brown and Potoski 2004)
Structure	Hierarchical	Associational. Service user membership-based. Self-governed (stakeholders)	Associational but mostly confined within family members, relatives and friends.
Human resource	Paid staff	Members	Mixed, but more paid staff
Resource source	Tax and grants	Membership fee, donations, labour and material contribution	Income generated through business financial transactions (profit!)
Resource exchange value	Money	Money, time banking (labour sharing), material banking	Mostly through money

This also means that in an organizational relationship, homogeneity has less scope for formal (legally binding) accountability, because of the informality in its service transaction relationship. But in organizations with greater heterogeneity, the relationship has higher scope for formal accountability, as supported by the findings of this research (refer to Chapter 5.4). However, these findings also challenge the meaning and definition of accountability in the broader social and institutional context. For example, they raise the question of how accountability is perceived in the informal social institutional setting where the structure, norms and customary practices prevail over the formal structure of government rules and procedures; or even whether accountability has any meaning in a context of mutually shared responsibility.

6.3.2   Legitimacy

An organization draws its legitimacy from its institutional environment (Patel, A.M. et al. 2005, Brinkerhoff 2005) and constituency. According to Dowling and Pfeffer (1975, p.122) "Organizations seek to establish congruence between the social values associated with or implied by their activities, and the norms of acceptable behaviour in the larger social system of which they are a part". In the public sector it is clear that government derives its legitimacy through its public mandate, in which its activities are sanctioned or approved by democratic or larger polity norms. Similarly, a private sector organization derives its legitimacy by reference to the market where customers sanction its activities. But the legitimacy of social organizations, which are characterised by associational self-governance, is increasingly questionable, due to the potential for a systematic divergence between their practice and their norms and value systems. Their conflicting objectives (service delivery, advocacy, and community development [Lister 2003] ranging to development, human rights and environmental concerns [Lewis and Kanji 2009]), excessive financial dependency on public funds and private sources, and moreover the blurring of the accountability mechanism (Vidal et al. 2006) due to "multiple constituencies" (Lewis and Kanji 2009, p. 28) have created further controversy regarding their legitimacy.

This research has revealed that although both WUCs and Service Provider NGOs are from the same social sector or institutional environment, they have demonstrated distinctly contrasting behaviour when they have entered into service transactional relationships with DDCs. This is because their interaction with their environment has changed the course of their relationships. Their relationship constructs embed different accountability features according to the 'contractual type' relationship between Service Provider NGOs and DDCs, and the 'grant agreement' type relationship between WUCs and DDCs.

Lister (2003) enumerates the various aspects of legitimacy as emanating from the following:

- moral justification for action (Atack 1999),

- rightful authority (Saxby 1996),

- participation in policy processes (Nelson 1997),

- legal compliance (Edwards 1999);

- consistency between professed mission (values) and actual behaviour (Edwards 1999; Saxby 1996),

- representativeness (Eade 1997, Hudson 2000, Pearce 1997),

- accountability, (Edwards and Hulme 1995, Saxby 1996)

- performance (Eade 1997, Fowler 1997, Pearce 1997, Saxby 1996).

He has accordingly proposed three key aspects of legitimacy. These are: accountability (the structural issue of who is accountable to whom), representativeness (the representation issue in advocacy work) and performance (the issue of comparative advantage). Notwithstanding the question of where the legitimacy of NGOs might rest in terms of these propositions, Lister (2003) suggests that legitimacy can be ensured through organizational structures and procedures. If this is so then this notion seems to be derived more from the organizational domain than the larger institutional environment. It undoubtedly influences organizational behaviour.

In addition, Lister (2003, p.179), following Scott (1995), suggests that, from the point of view of institutional theory, legitimacy can rest on one of three types of pillar. These can be described as 'regulatory', 'cognitive' and 'normative'. He further explains, "Regulatory legitimacy is dependent on conformity with the regulatory institutions … normative legitimacy requires congruence between the values pursued by organizations and wider 'societal' values. Cognitive legitimacy is related to conformity to the established cognitive structure in 'society'". In the light of this, each organization in the provision of rural drinking

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water in Nepal, whether from the public, private or social sector, tends to some degree to draw its legitimacy from a combination of all three of these roots, though in some one type is more dominant. For example, Service Providers (NGOs) tend towards cognitive legitimacy, being situation-specific for their survivability, while WUCs' legitimacy could be considered normative, as they derive their structure and roles from social values; and the DDCs' legitimacy definitely draws on the regulative source, since they are public authorities.

Interestingly, when all these are involved in service provision then two types of legitimacy, normative (WUCs) and cognitive (NGOs), are compromised by regulatory type legitimacy (DDCs). This is because the government can regulate the public service market, which is to some degree monopolistic. The issue regarding how to construct accountability, given these differentiated types of legitimacy, is poorly discussed in the literature. This may be because in public service, accountability is regarded from the public discourse angle that demands formal structure and procedure. This is in order to inform, confirm, and finally legitimize government activities, including public affairs and services, through regulation, rather than through the normative values and cognitive structure (Palthe 2014) that are held by social and private organizations respectively.

Slim (2002, p. 206) posits that an organization derives its legitimacy from moral value and law. He is of the opinion that "legitimacy and accountability are not the same thing, but they are closely related". How they do relate, or how closely they are related are unexplained. Nonetheless, the regulative type of legitimacy regime requires formal inquiry that can pursue formal accountability in organizational relationship in service transaction. This tends to be in public organizations' dealings with other non-public organizations. At the same time, the normative type of legitimacy emphasizes pursuing informal social accountability in service transaction relationships that social organizations form with other organizations. This can also be seen from this research.

Summing up, it can be said that there are two sources by which to establish the legitimacy of any organization. One derives from morality and ethics (normative) and the other from regulation (regulative). Taking this fact into consideration, the actors involved in rural drinking water service provision derive their legitimacy from contrasting sources. DDCs, being local government agencies, draw on the regulative, while WUCs, being social organizations, tend towards the normative. However, Service Providers (NGOs) tend to hold cognitive legitimacy, despite having provoked wide criticism concerning their role in public service provision for compromising their values by trading in the market.

6.3.3   Organization, structure and relationship

By virtue of societal needs, institutions are created with specific purposes, and the roles to be played by these institutions serve the purposes of their origin. These institutions take different structural forms at the organizational level, even within the same institutional environment, adopting different strategies (Chandler 1962, p12) to pursue their organizational objectives. These organizations cooperate with or conflict against each other, depending on whether their objectives and interests are aligned or colliding. However, in public service, when the government is involved in service provision with organizations representing different sectors, they trade for services through formal (contractual) or informal (or social) relationships in the public service market.

The application of the P-A framework in this research has helped in clarifying how the nature of the service delivery relationship contains the accountability features. This relationship can also have an influence on the organizational strategy, structure and process (e.g. NGOs becoming private organizations). For instance, any organization getting into a contractual relationship not only needs to know the deliverables (output-results in terms of quality, quantity) to be achieved, but also for it to be specified how,

when, and where to do this, and with what type of resource inputs. This includes being made aware of any other management requirements which it needs to be compliant with. All these will be defined in the terms and conditions of the contract document to be signed by both parties.

Many organizations, including both TSOs and private organizations, align their contractual relationship with the government based on their core competency, so as to qualify for contract bids. This is their strategy to sustain themselves in the market. As seen in the research findings, they may compromise their values in order to meet the contractual obligations. For example, SP NGOs, as intermediary service providers, have entered into profit oriented contractual relationships with DDCs through open competition. In a way, the organizational structure and process are influenced by the strategy they adopt through their external business relationships. Hence, the organization's internal accountability may be affected by the external accountability (Ebrahim 2003, p. 814) which the organization maintains with its partners or client organizations in the field of public service provision.

Public service delivery appears to be a conflicting paradigm, within which diverse organizational interests converge. Hence, if one sees this purely from the market perspective, public service delivery is connected through the relationships between the sellers, the buyers (buyers do not necessarily mean consumers) and consumers. From the public service perspective, the semantic terms used are providers, purchasers and users, where the providers can be the government, NGOs, private firms or even the users themselves; and the purchaser could be the government or the user-citizen. In the same way, the users (or consumers) can also be citizens themselves.

In the market, this relationship is defined by price for exchange of goods and services. In the public service market, it is defined by contractual terms where the accountability is inbuilt. In a way, public service is a buyers' (or purchasers') market, which means

government (and donors) enjoy overall freedom on how to select the providers by setting the market environment, or erecting entry barriers to avoid the risk of market failure (Brown and Potoski 2004). How strong the service transaction relationship among actors is, depends on how well accountability features are embedded in service provision. Though the social sector prefers trustful, reciprocal relationships (Witesman and Fernandez 2013), the private sector would have a formal, structured, and legally binding transaction relationship to safeguard their financial interest.

6.4   Theoretical implications – Nepalese context

6.4.1   Public management

For NPM to flourish, there should be an adequate number of service providers in the public service market to ensure competition (NAO 2012). It does not necessarily need to be a fair competition, because the government often uses a 'quasi-service market' (Gash et al. 2013) or even 'value based relations' (Osborne, S.P. 2010) to fulfil their requirements through the social service sector (e.g. charities, trusts and other form of non-profit organizations). The service providers can be from either the private or the social sector depending on how the government devises its service delivery policies, and whether this aims to engage the service providers either through strict contractual legal terms or just in the form of a grant agreement or "quasi-contract" with and within government agencies (Pollitt and Bouckaert 2011, p.192).

In the context of Nepal, the administrative reform initiatives implemented at different times since 1956, decentralization from 1982, the adoption of liberal policies from 1990, the governance reform from 2002, and the implementation of thirteen National Development Plans from 1956 till the present have all been accompanied by changes in government structure and functioning (refer to Chapter 3 for details on the evolution of the administrative management and governance system of the country). During this period,

the government attempted to make the civil service more people- and result-oriented. Private sector involvement has been encouraged in public utilities (e.g. telecommunication, power generation, drinking water), financial market reforms, and social services (e.g. health care, education) since the 1990s, while during the same time the privatization of public enterprises began to reduce the financial burden on the government (MoF 2014b). During the same period (1990s) the role of the social sector in development was also enhanced, particularly through the involvement of community associational organizations in rural development such as irrigation, forestry, education, drinking water, sanitation, health, and roads and bridges.

The period of the 1990s witnessed a sea-change in the role of the state in public service provision, whereby innumerable providers emerged in both private and public sectors. Service accessibility has substantially increased as a result, although quality has become an issue in every sector (most obviously in health and education), due to government failure to monitor, supervise, and regulate the services properly (IMF 2003). When market forces discriminated in favour of the urban centres while the rural poor are deprived of basic services, the government lagged behind to redistribute those essential services through development (service delivery) instruments, and by reforming public sector institutions (NPC 2013, World Bank 2014, Pokharel 2013).

The ten-year internal Maoist conflict (1995 to 2005) pushed back some of these reform agendas, but overall development policies remained in favour of change for better government for better public services (see the National Development Plans NPC 1992 to 2013). The change in the political system in 2005 from the constitutional monarchy to a federal republic in Nepal did not change the overall open liberal development policy of the country, but rather further enhanced it. Although it was overshadowed by the Maoist insurgency, the overall functioning system of the government did not change much; instead a more decentralized federalist governance system is expected in future, once the

constitution is promulgated. The role of the central government will further be diffused at the regional and local level (through federalism and a decentralization structure), and in public service provision both NPM managerialism and NPG collaborative-oriented relationships will remain.

At the sub-national district level, DDCs are found to be using two types of service provision relationships, as revealed by the research findings; one is a full-fledged legally binding 'contract' used to procure the technical advisory services from the NGOs and private organizations, and other is the 'grant agreement' which is used exclusively with users' committees, in this case water users' committees, as regulated by the LSGA 1999 and LBFAR 2007.

Particularly in the case of rural drinking service provision, the Nepalese government keeps pursuing the social self-help approach in rural areas where community coerciveness is strong, which allows community members to come together to reciprocate or share the resources for the common cause. This community-led development initiative has shown greater ownership, and the resource participation required to sustain such facilities, although this approach is also not free from corruption (OAG 2014). On account of this social process, the government (see the National Policies in NPC 2002 to 2013) is more inclined to use the collaborative approach, i.e. social contract and co-production, whereby services involve greater rural community participation. This service provision relationship still draws on the contractualism principle although in a loose form. Some scholars call it relational contract (Osborne 2010), or social contract (Batley 2011), or informal contract (Romzek and LeRoux 2012).

From an accountability point of view, this is a trust- and value-guided relationship. The service transaction relationship between DDCs and WUCs is in a loose form and so the accountability instituted in the relationship is not as strong as in the contract made by

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DDCs with service provider NGOs. It was the internal organizational and management constraints within the DDCs that in general prevented them from being able properly to construct, supervise, monitor, and ensure the compliance of the agreements and contracts rather than the external factors, such as policy, market or structural deficiencies that might negatively affect the development of a productive service delivery relationship between these three actors.

6.4.2   Public governance

Advocates of public governance in service delivery emphasise inter-organizational networks (Conteh 2013), relational contracts (Osborne, S.P. 2010) and collaborative relationships (Rees et al. 2012, Wanna 2008, Geddes 2012) (although the term 'collaboration' is used loosely, to denote partnership and cooperation). All these terms may be taken as implying social capital attributes such as 'trust' and 'reciprocity'. Regardless of variations in application, whether by social contract, relational contract, grant agreement or agreement, collaborative systems are used to forge the relationship between two or more parties working together; though these relationships are not necessarily on an equal footing, but instead on negotiated terms around values, meaning and relationship (Osborne, S.P. 2010, p. 10).

Some scholars (Osborne, S.P. 2010, Geddes 2012, Wanna 2008) further advocate that public governance should embrace an open system with a radial horizontal structure, less formal management and varied institutional and organizational forms. These could range from charities, trusts, grass-root organizations, and self-help user-groups to intermediary service providers. However, the non-profit motive of this sector, as discussed earlier, is ambiguous. There is a difference between global non-profit organizations such as SCF, ICRC, SNV, Oxfam, Peace Corp, JOCV, DED, SNV, VSO, which are characterised by

strong mission objectives and resource support base, and the status and activities of the local third sector in Nepal.

6.4.3   Third Sector Organizations

TSOs, particularly the intermediary NGOs of developing countries like Nepal whose resource base is solely dependent on donors (some on public funds) are inherently unstable. This image of this type of NGO has suffered in recent years in Nepal. This type of NGO does not include the NGOs working in civil rights or humanitarian aid, although some are found involved in democracy- and governance capacity-building in Nepal.They are often branded as the "Dollar Farming Organizations" (or in Nepali 'dollar making business') (Rabindra Kumar 2013)[121] because their origin and survival lies more with the donors than in their own social base or community. This is reflected in the apathy shown towards NGOs by the government officials and the public in Nepal (See the daily nationals like Kathmandu Post, Himalayan Times, and Republica where the issues over I/NGOs functioning were widely featured at different times during 2013, 2014 and 2015), although national policy would suggest otherwise (NPC 2002 to 2013, Shrestha, K.C. and Dhakal, G.P. 2010). Their obscure and perhaps conflicting goals (is it voluntarism, altruism or income generation?), closed associational system (typically run by elites, family members, relatives, close friends), and weak collaborative culture (they are competing with each other for shares in the same development 'pie') all may lead observers to question their rationale.

The involvement of the third sector, in various organizational forms, in public service delivery has prompted a preference for a less formal 'contractual' relationship. Globally renowned charities and voluntary organizations hardly get involved in a formal business type, legally secured contractual relationship with the governments or donors (both

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[121] See the interview of Rabindra Kumar, Member Secretary of Social Welfare Council, Nepal http://www.spotlightnepal.com/News/Article/INGOs-and-NGOs-have-been-making-a-lot-of-differenc Issue: Vol: 07 No. -13 Dec. 27- 2013 (Poush 12, 2070)

national and international). Typically it ends up with a 'grant agreement', which is also formal but not legally binding, with the governments or donors where the intention for the use of funds is mentioned but only loosely defined, depending more on the credibility of the organizations' abilities in service delivery (refer to Social Welfare Council of Nepal for the registration of I/NGOs). The same is the case with government-to-government bi-lateral cooperation[122]. This type of relationship either contains a very loose form of principal-agent relationship or avoids it altogether, in effect neglecting the implications of transaction cost theory (Williamson 1981) in favour of international relational theory (Schraeder et al. 1998).

However, the tendency to have more accountability constructs is increasing (Smith and Smyth 2010), even, in recent times, in the 'grant agreement-type' service transaction relationships by the governments and donors with TSOs. This is due to a quest for more public value, as in the UK (NAO 2012), and to the overcoming of governance weaknesses (transparency and corruption) in developing countries like Nepal. The findings of this research have shown that the NGOs of Nepal still prefer the 'agreement' type of relationship (SNV, WaterAid, SCF, GWS, Plan International, CARE, and many other INGOs), but at the same time, international financing institutions (ADB, WB) are moving towards more legally binding relationships with their clients (CBWSSSP, RWSSFDB, and PAF).

However, the study's findings further confirmed that the service delivery relationships maintained by the government agencies, in this case local governments, with WUCs are of a different type from that with intermediary NGOs. This relationship has shown inherent 'co-production' features, as both (DDC and WUC) hold similar objectives, i.e. to serve the people with a public ethos and non-profit motive, and values (social and public), and

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[122] This researcher has studied the project documents of RWSSP-WN, CBWSSSO, RWSSFDB, STWSSSP, RVWRMP: however, while implementing their projects through local service providers these Projects have used the formal contracts.

believe in resource sharing (cost sharing, time and labour banking), e.g. WUCs share a minimum of 20%, 1% upfront cash and the rest 19% in cash or kind of the total cost of the water scheme in rural areas and the rest 80% comes from the DDCs (government) as part of the matching funds, in the construction of drinking water schemes, and in some cases, in post-construction and in building the long-term sustainability of the schemes.

6.4.4   Collaboration

The 'collaborative approach' works well where there is a need for successful coherent policy making (Wanna 2008, p. 11), where the very nature of the concerned stakeholders involved means that they participate to further common objectives. Within the government system, this works relatively well because of their institutional homogeneity – the partners share similar values, structures, and rules and regulations. It also may work well within the social system where social organizations share similar objectives and values, and perhaps even a sense of a sisterhood relationship.

To exemplify this, a representative case based on the observation of the researcher is presented here on the application of collaborative approach in two different Nepalese contexts.

Box 5: Context 1- WUC and FUC

This is a social-to-social type of collaborative relationship that has long prevailed in Nepalese society. The most relevant example for this research context would be a WUC where the users committee have found it difficult to raise their 20% (1% cash and other 19% labour and material contribution as a mandatory provision) of matching funds from their members, for cost sharing in the construction of a drinking water scheme, and where the other remaining 80% comes from DDC. Some poor new WUCs in Mahendrakot VDC of Kapilvastu District could not raise the said contributions (20%), as the costs of the power lift drinking water systems were high, compared to the simple gravity flow systems. The WUC approached the Forest Users' Committee (FUC) of the same community, which is comparatively rich in terms of resources (by selling forest products). The FUC provided funds without any hesitation. Here the need for water is reciprocally addressed by building

a trustful relationship between these two committees, because the benefit of water is equally important for the human life of both organizations. The money taken by the WUC from the FUC would be returned to the FUC later when the WUC generated enough funds through membership or user fees. This transaction is simply carried out between two organizations based on mutual trust and reciprocity. There is no formal contract, no supervision, no oversight, no performance result measurement, and no reporting but just a self-governing trustful relationship with each other. This gives the best understanding of the collaborative approach (or culture) in community service delivery in the purview of social capital theory. Many such cases exist in Nepal[123].

Box 6: Context 2- WUC and DDC

The situation is different when the same WUC enters into a service delivery relationship with the DDC (government) for 80% funding to finance the schemes. This relationship draws on some forms of formality. This is where a social sector organization gets involved with a public sector organization, and the service transaction relationship is forged in the 'co-production' mode. Although this mode of relationship also embedded in trust and reciprocity like in Context 1, it also embraces certain formalities. The DDC provides public funds through grant agreement, in the written form where both parties consciously agree to honour the agreement, considering that the legally recognized self-governing associational organization would be accountable to their user-members through the established community governance system. This relationship attracts co-production features, such as that of self-organized, self-help groups (or communities) assuming both the roles of producer and consumer, combined with a peer support network (NEF 2008). The non-profit motive and social goals are the main reasons to come together where the relationship is more of a social nature than a rigorous legally binding contractual one.

This case shows that the concept of mutual accountability in collaborative network governance in service provision seems to work, with variations depending on how homogeneous the institutional environment is for the actors involved in the service provision relationship. However, such relationships (between user committee and user committee, and between user committee and DDC) do not ensure the successful forging

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[123] Recently the Bikashpur Forest Users' Committee of Nipane VDC in Sindhuli District has provided NPR 300,000 (approx. GBP 1,875) to build a Model English Boarding School to offer quality education at an affordable cost by selling the timber. Source: The Kathmandu Post, 11 October 2014, Kathmandu, Nepal. There are many such cases that support how the social organizations shared their resources for mutual benefits.

of a service transactional relationship from the formal accountability perspective. This is particularly the case between WUCs and DDCs, where DDCs are under public scrutiny for their performance, especially concerning the use of public funds. This relationship becomes further complicated when there is a very wide variation both in the organizational form and in the scope of TSOs (Cornforth and Spear 2010, p. 75), and the relationship can become hostile when the government asks for more accountability and transparency in the performance of TSOs.

The 'co-production' approach, a form of collaborative approach, is used with TSOs in the UK by both the central and local governments (Bovaird, Loeffler and Symonds 2015). This approach is also being actively promoted in Nepal through policy frameworks (LSGA 1999) and practices (FEDWASUN[124], NFCG[125], Dahal and Chapagain 2008). It is particularly used with self-organized communities like user committees or consumers' associations. The existing institutional (legal and policy) regime strongly promotes and safeguards their role in development. This is particularly true for rural development, where the community resources (as social capital) can best be mobilized for community interests (Uphoff 1993, p. 613). Among the reasons given to justify its application are: the sustainability of projects through addressing local needs, the creation of local ownership, and the need to ensure resource participation in order to reduce the funding burden of the national government.

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[124] "The Federation of Drinking Water and Sanitation Users Nepal (FEDWASUN) is a people-based umbrella organization of drinking water and sanitation user's groups in Nepal. It facilitates the provision of drinking water, sanitation and hygiene (WASH) services to communities, advocates for water and sanitation rights (drinking water and sanitation for all and forever), brings people's issues to the attention of policy makers and service providers, and promotes good governance in relation to both user's committee/ groups and service providers." http://www.fedwasun.org

[125] "The Nepalese Federation of Forest Resource User Groups (NEFUG) is a national representative body of Community Forest User Groups (CFUG), for buffer zone forest, leasehold forest and other forms of forest users of the country. It is a federation with the status of an autonomous, independent, non-ethnic, non-political, non-governmental and non-profit making organization. NEFUG has district offices (NEFUG-District Committee office) in seventy four (74) districts. At the operational level, NEFUG promotes different programmes through its district offices. It was established on 2058 BS (2001 AD). NEFUG is probably the largest network of forestry sector and civil society in Nepal." http://www.forestrynepal.org/organizations/3867

The Ministry of Federal Affairs and Local Development[126] disburses a substantial amount of development funds every year through this transaction mode (co-production). This is paid to different sectors, mainly for rural infrastructure development. Successful implementation is mainly contingent upon the organizational capacity of DDCs and WUCs to manage service delivery, and on their leaderships' ability to drive the process forward on the basis of trust.

The partnership model of relationship, which is also considered part of collaborative public governance (Greave and Hodge 2010), requires some distinct understandings between the parties. If the partnership is between two or more different types of organizations whose institutional roots, purposes, organizational objectives and structures are not similar, then it is more difficult to forge a collaborative (cooperation or coproduction) relationship. This is because, unless the meaning of 'partnership' is defined otherwise, this type of relationship is built on legal terms in order to secure the interests of both parties. It attracts more of a private sector business-like transaction relationship where the risk, responsibility and reward define what kind of relationship is to be structured formally (OGC 2004). This type of relationship is premised on risk-taking behaviour (basically investment) of partners, where the partners proportionately share the responsibility and rewards (income or profit). In partnership, there is less emphasis on key features of the collaborative approach, such as 'trust' and 'reciprocity values' (Rigg and O'Mahony 2013). Theoretically, 'partnership' is ambiguous as to whether it contains the features of contractualism (NPM orientation) or collaborative networking (NPG orientation) (Bovaird 2004). Hence, 'partnership' is problematic to define when it comes to the question of accountability in this research context – does it imply the stricter, formal contractual type of accountability (as with a Service Provider NGO), or the less formal agreement type (as with a WUC)?

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[126] Some other ministries also use this approach, but to a lesser extent compared to the Ministry of Federal Affairs and Local Development. Refer to the Ministry of Finance for the detailed allocation of the development budgets to the respective ministries and the local governments. www.mof.gov.np

6.4.5 Governance

From the collaborative point of view, the meaning of 'governance' itself is contested. The main features of governance, such as transparency, accountability, participation, inclusion, networking, self-regulation, and less hierarchy, may to some extent be seen as mutually contradictory. For example, here governance emphasises networking without a hierarchical organizational relationship and with less structure, but at the same time it demands accountability, which is not possible, as this, at least in the public sector, requires a formal hierarchical structure. This is because accountability is constituted through the allocation of roles, responsibility, and authority (or power). In this context the Principal-Agent model at best can be weakly applied. It may even be quite inapplicable in a collaborative network, and consequently here the governance is compromised.

In Nepal, the collaborative governance network approach, particularly the cooperation type (Keast and Mandell 2013, Najam 2000), works well at the national level, especially in the areas of policy advocacy and human rights issues, where civil society joins hands with other similar interest groups/organizations to work as a collective pressure group. Trade unions, teachers' unions and civil service unions affiliated to different political parties often come together for demonstrations when they have a common agenda and interests. Similarly, many professional and social organizations, such as the Federation of Community Forestry Users Nepal (FECOFON), the Federation of Drinking Water and Sanitation Users Nepal (FEDWASUN), and the NGO Federation of Nepal (NFN) work in the same manner.

It also works well when it comes to the implementation of policy, particularly in community-driven initiatives; then the 'complementary type' of collaborative approach may work relatively well, although it is more 'co-production' oriented. The findings of this research regarding joint work between DDCs and WUCs support this conclusion. On the other

hand, DDCs working with service providers (NGOs) can become organizational adversaries because of their heterogeneous character, where their end goals (public value vs. financial gain) and means (delivering services) are different (Najam 2000). For this very reason, the service delivery transaction relationships between DDCs and SPs have become more formal in order to safeguard service outcomes.

In recent years in Nepal, especially in rural areas, there has been increased access to basic public services like drinking water, sanitation, primary health care, and education as evidenced in some social indicators, e.g. lower infant and child mortality, a higher literacy rate, more school enrolment and greater overall HDI (UNDP 2013). These achievements have sometimes been accompanied by accusations of corruption (CIAA 2071) and an impression of a sluggish administrative system that seemed to work against both the public interest ethos and the spirit of decentralization. However, in the given socio-political context, at least in the current political transition, and even in the forthcoming federal republic, this 'co-production' mode of collaborative relationship is likely to retain a stronger presence than ever in the development discourse of Nepal, at least at the sub-national level. At the same time, the accountability issues identified are also likely to remain to challenge the government and its attempts at development.

6.4.6   Agency and Activity Theory as Research framework

This research has drawn on both Agency Theory and Activity Theory. These two theories are logically intertwined. They are used to examine the intensity of accountability features in service transaction (i.e. micro-analysis) and the nature of relationships between organizations (i.e. meta-analysis), and to explore the organizational and institutional behaviour in public service provision. Activity Theory is an innovative interactive learning process in social science (Engestrom 1987), and in this research this has been used as

an analytical tool to examine the organizational relationship between DDCs, WUCs and SPs in service delivery.

6.5 Nepal's drinking water service

6.5.1 Accountability in rural drinking water service

Since the drinking water sector is institutionally fragmented, so the implied accountability framework is different in each institutional arrangement (refer to Chapter 3 for detail). This is particularly the case of rural drinking water services, in which DDCs, as being the local government, play the central role in service provision at the sub-national level. From the accountability perspective, in DDCs, two types of accountability structures have been found to exist in the organisational setting of service delivery. These types are the "linear structure" and the "collaborative network" (Figure 35).

The DDCs, despite their strong legal base in self-governance (devolved power), are following the linear accountability structure. Their heavy dependency on central grants, and the inherited feudal administrative culture that promotes self-serving bureaucrats, have made them more power-centred than accountable to the public. However, the pursuit of decentralization in recent years, especially from the 1990s onwards, has extended linear accountability from the government offices to local government and further, to communities, and at the same time expanding the functional scope of local government, including DDCs.

In the present context, this linear structure of accountability encompasses all forms of accountability in drinking water service provision. This ranges from 'political accountability' where the ministries are accountable to parliament, 'bureaucratic administrative-managerial accountability' where the bureaucracy (departments, district line agency offices, DDCs and VDCs) is accountable to their respective higher organizations (e.g.

departments or ministry), 'service transaction accountability' where the WUCs are accountable to DDCs, and 'social accountability' where the WUC officials are accountable to their committee's members (users). This linear accountability structure clearly shows who is accountable to whom at what level. It maintains a silo compartmental upward unidirectional flow of accountability chain.

Figure 35: Accountability in rural water drinking service provision
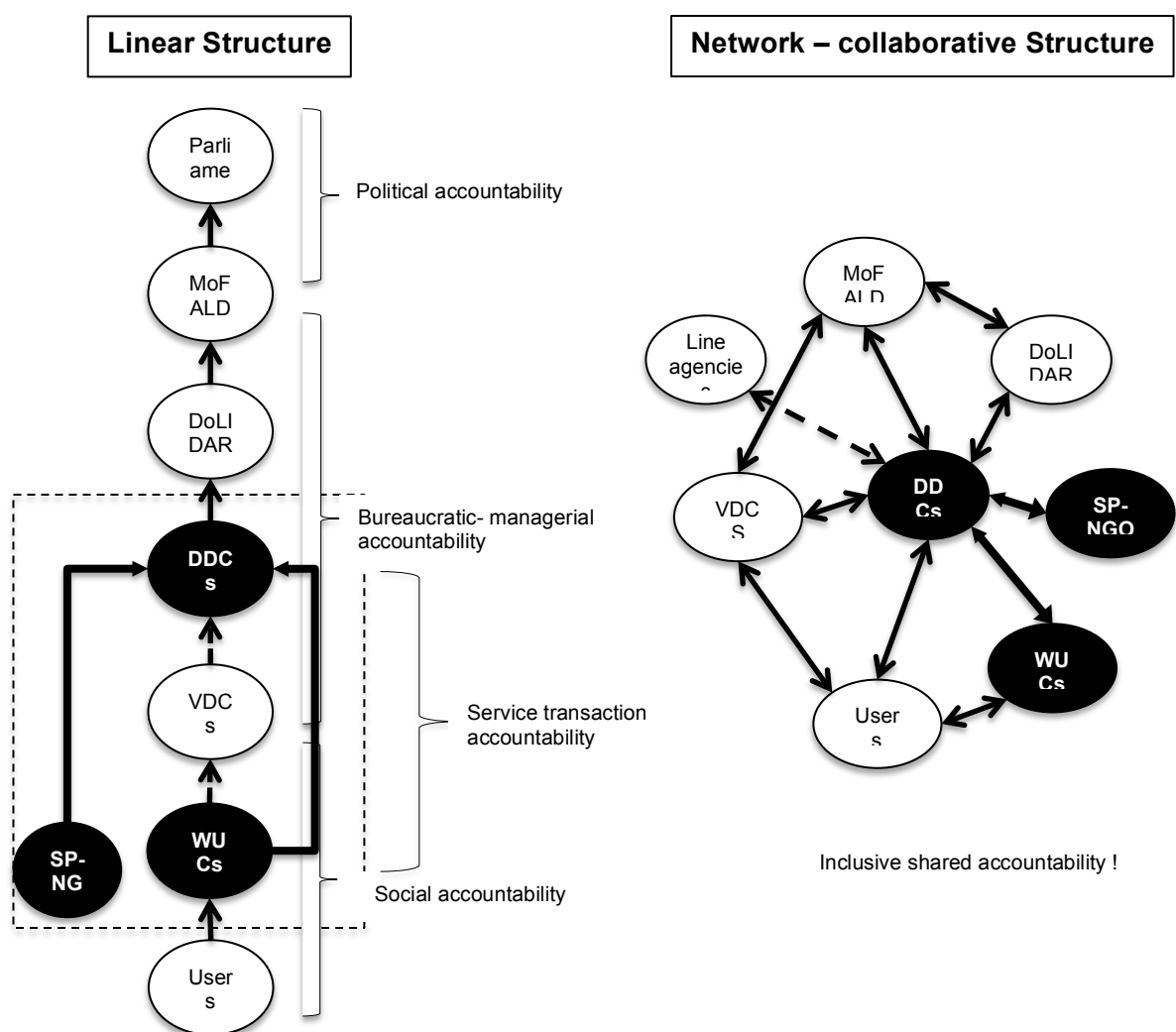
However, the DDCs, being local self-governed institutions, also maintain horizontal relationships (with other stakeholders in the districts), which are collaborative in nature and where the role of DDCs is more that of coordinating the various actors of the districts

for development. This collaborative network structure is found to be working well when there is a need for district level policy formulation, and planning in which the district level stakeholders participate. DDCs motivate, facilitate and coordinate the development cooperation through building cordial relationships with the stakeholders. However the DDCs cannot control the behaviour of stakeholders in order to make them work as per the DDC's plans. Instituting formal accountability mechanisms in such a relationship is difficult, and thus there is less scope to construct an accountability relationship between the public agency offices (DDCs with WDSSOs) and social and business organizations (DDCs with local NGOs, CBOs and business associations). DDCs cannot establish a formal P-A relationship between themselves and stakeholders unless the private and social organizations get involved in service delivery through formal contractual arrangements.

Amid the present on-going political situation (transitional government), the DDCs' downward political accountability is not effective. This has been so since 2002 because of the absence of locally elected representatives, but some DDCs are trying to construct it by instituting social accountability at the community level, and this is also vigorously pursued by some donor-supported projects (PRAN, World Bank, ADB, DFID, Danida etc.) through third parties, often by-passing the local government structure.

The DDCs' upward accountability through their respective department to the ministry, and thereafter to parliament (a kind of long-route accountability), is well in place, but it may be doubted whether the DDCs reflect the real demands of their constituencies through this accountability in the given political context, due to the lack of elected representatives in local government. These current deficiencies in the DDCs contradict the spirit of the decentralization policy of the country (LSGA 1999). In fact, from the accountability perspective, there is no clarity in the chain of accountability and its source. In these circumstances, how is the accountability established? Who is made accountable to whom,

in every stage of the chain, from beginning to end? Emphasising the upward accountability aspect always weakens the downward accountability of DDCs, as has happened in the past, and this trend may be likely to continue unless some drastic measures are introduced in the new constitution of the country, including holding the local elections.

The existing institutional setting offers a greater scope for collaborative policy networks at the district level, for a consensus between stakeholders and the political structure in the interests of consistent policy formulation, and the integration of the sectoral programmes and budgets. However, such collaboration, as discussed earlier, remains constrained when it comes to the actual implementation of programmes on the ground, because of diffused accountability between the stakeholders.

The accountability in service transaction depends on with whom (community organizations or intermediary NGOs and private organizations) the DDCs would like to forge the relationships (agreement or contractual) within the linear structure. Making this an integrated part of the broader collaborative institutional network would also be possible with regard to policy networks, but could lead to an accountability deficit if applied in programme implementation. However, some governance features may be common to both NPM and NPG, although their application and scale in each will be different. For example, the implementation aspect, as emphasised by NPM, is mostly associated with managerial skills. But it also requires transparency, accountability, equity and participation, particularly for the organizational internal environment. These are equally essential ingredients for the collaborative network service delivery of governance, but applied in the external environment. In the present DDC situation, the governance network (radial) accountability, which is informal (with stakeholders like district line agency offices, civil society, business communities etc.), can play a complementary role in order

to strengthen the formal accountability structure in the service delivery process (with the parent department and ministry, and constituencies) (Romzek and LeRoux 2012, p. 443).

6.5.2   Policy implications

The institutional environment (both legal and structural) in Nepal has become conducive to the participation of both the third and the private sector in public service delivery, after the adoption of liberal market-oriented development policies from the late 1980s. To date no studies have been commissioned to measure the service delivery effectiveness in public sector reforms, except a few at the subnational and sector levels performed by the donor-aided programmes and projects (DFID 2005, WB 2008, ADB 2012, WaterAid 2010). Most of these documents are donor project-specific, and do not offer a countrywide, holistic picture of developments in this field. Therefore, for reliable information on public service delivery, the concerned stakeholders depend on the annual reports of the respective ministries, departments and the National Planning Commission.

Perhaps most information on the overall performance of the public sector comes from the reports of the Office of Auditor General (OAG, 2014), an independent body entrusted by the constitution to audit the public funds. The annual reports of this Office have, at different times, heavily criticized the allocation, procedure and utilization of funds, and weak procurement management and misuse of the funds as well; which, in other words, clearly indicates that the public agencies in general are very poor at forging the service delivery relationships with their clients, partners and service providers, and also at administering them. At the same time, local governments are also criticized for their poor performance in the execution of development projects. For instance, some of the District Development Committees that had frozen their budgets in FY 2013/14 are Kanchanpur DDC NPR 50 coror, Kailali DDC NPR 620 million, Baitadi DDC NPR 320 million, Darchula DDC NPR160 million, Bajura DDC NPR 2 million, Dadeldhura DDC NPR 130 million, Doti

DDC NPR 320 million[127], Saptari DDC NPR 76 million[128], Bhaktapur DDC NPR 148 million[129], including those projects implemented through users' committees that include drinking water schemes through water users committees all across the country.

To improve overall public sector performance, especially working through third party arrangements, the government has introduced some institutional reforms such as the establishment of the Public Procurement Monitoring Office at the Prime Minister's Office, and has revitalized its anti-corruption body the Commission for Investigation of Abuse of Authority (CIAA), by appointing commissioners to fill longstanding vacancies whose task is specifically to check the misuse of public funds in procurements. The Finance Committee of the Parliament, the Office of Comptroller General, and the Office of Auditor General are other organizations in place ensuring better financial performance, including contract management and procurement. It is important that these bodies understand the inherent organizational constraints of the actors involved in service delivery, for example how the service transaction relationships must be strengthened in terms of monitoring, compliance, arbitration and enforcement, to ensure better service provision.

At the sub-national level, MoFALD has introduced MCPM (LGCDP, 2009), quite apart from the provisions made by LSGA, LSGR and LBFAR regarding procurements, especially for the local governments (started with DDCs, and now extended to Municipalities and VDCs). Sub-indicators, like 'DDCs should have a procurement plan', under the heading 'Resource Mobilization and Financial Management Indicator', suggested in MCPM for DDCs, are made, but their implementation has been dismal, as indicated by the Auditor General's Report of 2014 for the fiscal year 2013.

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[127] Source: Kantipur, 25 July 2014
[128] Source: Republica, 27 July 2014
[129] Source: Kantipur, 2 August 2014

Box 7: MCPM

The objective of MCPM (Minimum Conditions and Performance Measures) is to improve the overall functioning of the local governments in service delivery by applying performance-based central grant distribution as an incentive, but also to penalize those who perform below the set thresholds. The first MCPM was carried out in 2008/9 for the fiscal year 2007/8. This framework has five major indicators, covering: (i) planning and programme management, (ii) resource mobilization and financial management, (iii) budget release, expenditure and programme coordination, (iv) monitoring, evaluation, communication and transparency; and (viii) organization management and job responsibility. (www.lbfc.gov.np).

In this report, the public finances are shown to have grossly suffered as a result of poor contract and procurement management. Issues were aired such as the selection of procurement types (direct, open bid etc.), time extensions without proper justification (1,632 contracts, 56% of total, OAG 2014), an inability to make procurement timely, and fragmented piecemeal procurements. All these have raised the procurement costs, resulting in the increment of the overall project costs, thus making service delivery expensive. Other issues in the procurement process, such as pre-qualification, approval of tender, and cancellation of tender have been cited with great concern for improvement (OAG, 2014). Although all these issues in procurement may seem purely technical, they have a direct impact on the service delivery relationships between government agencies and other partners. For example, DDCs are found to be weak on the structuring of contracts, particularly the agreements with community organizations (WUCs), and the implementation both of contracts and agreements. This is due to poor monitoring, reporting, enforcement, compliance and arbitration, and all these have attributed to the risky service delivery relationship between the public agency and the service provider.

Important points arising from this research concerning the policy regime of Nepal in public service delivery at sub-national level include:

- The findings revealed that the application of accountability features in the public service delivery relationship explicitly produces two types of relationship forged by the DDCs with the WUCs and Service Providers (NGOs). The 'grant agreement' mode, which tends towards the "co-production" type of relationship formed by DDCs with WUCs, exhibited less formal legal binding accountability features. This mode of relationship, the community approach, which is based on a self-reliant and self-governed associational entity with a non-profit motive, will sustain the drinking water system through the community's own means, particularly in the homogeneous rural social structure. However, the accountability features, like 'informing' ('work progress reporting), 'enforcement' and 'arbitration' were found to be weak in this mode of service transactional relationship. This clearly indicates that the existing service delivery system has induced the habit of an easy-going attitude on the part of the DDC and its officials, due to lack of organizational and individual accountability. As a result, WUCs have been left to manage their affairs on their own without adequate technical and governance capacity-building support in order to sustain the drinking water system in the rural community. Reassessing the existing "community users' group" approach in development, in order to discover how to improve intra-organizational (within associational self-governance system of WUCs), and inter-organizational (in combination with DDCs) accountability, could help better service delivery compactness.

- Improving the accountability chain would also check the sub-contracting commissioning issue of the WUC and DDC officials taking undue benefits from contractors illegally (OAG, 2014). According to the rules, the users' committee cannot sub-contract the work to a third party. Social audit and public audit are the tools used to ensure accountability at the community level, but how these tools enhance accountability within the users' committees and their link with VDC and DDC seems unclear. There is a lack of clarity, both in the law and in individual agreements, about who is supposed to monitor and enforce the non-performance behaviour of WUCs.

- The amount of government intervention varies by sector, and so does the formation of users' committees to respond to government interventions. For example, users' groups in forestry, rural roads, trail bridges, and irrigation sectors are community organizations, but work somewhat differently from one another because of their different institutional arrangements. Although the Local Self-governance Act (LSGA) is the umbrella act to regulate the users' committees of all sectors in general, they are also guided by their own sector-specific regulations, polices and directives. For example, WUCs are regulated by LSGA under DDCs and MoFALD. They are also

regulated through the Rural Drinking Water Rules, and Strategy under DWSS and MoUD. This creates dual or multiple accountability sources, and therefore confusion among the service delivery organizations. Consistency in policy, strategy and regulations is required to align the accountability in order to ensure effective service delivery, or the other way round, as aligning the accountability in service delivery helps to formulate the appropriate policies and regulations.

- Many of these sectoral users' groups have shared or started sharing resources, if they are serving the same communities, and are from the same geographical locations, and their needs are strongly interrelated. As we see, such sharing has attracted the self-help collaborative approach especially in the case of resource sharing (e.g. WUC and FUC in Mahendrakot VDC of Kapilvastu), where the government intervention is almost negligible. In such a relationship, it is difficult to frame formal inter-organizational accountability from the public accountability perspective, and it may even not be necessary to do so, where the government and its agencies are not involved. Encouraging this kind of cross- or same-sectoral community-to-community approach could reduce the dependency on public funds considerably, and at the same time improve public services by transforming them into community collective services. However, a cautionary note here is that when the government get involved in communities' affairs, then there is a chance of destroying the true spirit of self-help voluntarism, and the danger of elite capture and corruption engulfing the service transaction relationship, thereby creating a long-term dependency syndrome.

- DDCs working with NGOs (as service providers) tended to demonstrate more of a business approach regulated by strong and secure accountability relations. It was clear that the definition of NGOs is very wide and varied, but the NGOs observed in this research turned out to be the intermediary ones working in the various types of community development programmes and projects, and for income generation, or even for profit. The plethora of NGOs at the national and district levels in Nepal showed an abundance of social capital resources, but their opportunistic behaviour (Besley and Ghatak 2007, p.140) made them work more like private entities than philanthropic voluntary organizations. Structurally, they are well recognized by national development policies and the government working system. However, their behaviour in the public service and development market poses questions about their roles, structure and functioning. The functioning of NGOs in Nepal is not well appreciated, either by the public or by the government. They have often been criticized for their opaque functioning, political affiliation (Kansakar 1999), and unaccountability to either the national or local government. However, their increased involvement in drinking

water services, as technical service providers, shows that there is the potential to engage NGOs, and to make them more productive and resourceful by embedding accountability features appropriately, despite their poor organizational capacity in the areas of technical competency.

- There is an on-going debate over whether to put the NGOs under stricter supervision and the oversight of the government by introducing standard contracts, joint monitoring and evaluation practice (Singh, A. and Ingdal, N. (2007); and if so then to what extent? This has been an issue in which the Nepalese Government (and Social Welfare Council), development partners (donors) and INGOs are currently struggling to find common ground, specifically regarding the question of accountability: to whom should the I/NGOs be accountable, and in what manner? Mapping the accountability nodes in a collaborative network could be an answer, but it again raises the questions of how to formalise it, and who takes the ultimate responsibility at the organizational and inter-organizational level. This may require serious debate.

6.5.3 Capacity issues

Local government in Nepal has grossly suffered from organizational capacity constraints (Dhungel et. al. 2011). However, viewing this issue from the service transaction perspective, both the Service Providers (NGOs), and the DDCs in this research, have indicated that it is a problem on the part of DDCs. They are not capable enough of monitoring and enforcing contracts, or of resolving or arbitrating contract-related issues. This clearly shows the poor attitude of DDCs and their officials, and their capacity gap in managing the service delivery relationship. The well-founded policy and regulatory environment for DDCs, designed in order to enable them to execute, oversee, and regulate contracts or agreements, has suffered from the organizational incompetency of DDCs.

The DDC leadership needs to be completely reoriented towards the management of service delivery. Structurally, the existing procurement units, which are lying idle or even have disappeared from the DDC structure in most of the DDCs, need to be capacitated in order to assist the respective District Technical Offices, or the sections within the DDC

organizational system, to ensure the efficient and effective implementation of the development projects through contractual and agreement (grant) arrangements. In the agreement type of service delivery, DDCs' focus should be on governance improvement through social accountability mechanisms, by giving more freedom to users but also instituting an output control agreement[130].

Whatever the reform measures that take place, these cannot yield the intended results if civil service reform, especially on the issues related to corruption, is not addressed. By this is implied the question of what kind of motivation and incentive system should be in place for bureaucrats who are responsible for the overall implementation of the development projects and programmes? This will become still more complex when the elected representatives join the local governments. In such a situation, the accountability chain of the elected officials as the chairmen of DDCs, and the central government deputed bureaucrats as the chief administrative officers (called Local Development Officers) pull in opposite directions. The Chairman has downward accountability to the constituency, and the Local Development Officer has upward accountability to their respective department and ministry. Here, again, how to align intra-organization accountability with inter-organization accountability is a challenge to be resolved. This is something that should be addressed by the new constitution, although there is as yet no evidence that it will be.

The emergence of users' committees as development partners is ever accelerating in every sector: forestry, irrigation, roads, water and sanitation. However, these modern users' committees and NGOs are different from those community level social institutions that historically have existed in Nepal, mostly without government support. Those old

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[130] In 2009, the Finnish Government gave around € 9 million to UNICEF for the WASH programme under the output-based agreement proposal which UNICEF termed as "partnership". This type of service provision mode is growing in development cooperation. Funders demand a performance- and result-oriented agreement (or MoU), if not a detailed legally binding contractual arrangement.

institutions are strongly socially bonded with purely altruistic and philanthropic purposes, such as 'Guthi' and 'Dhukiti'.

Box 8: Guthi

Guthi is an organized institution created by a group of persons united for a common objective to enhance the standard of living of the people. Guthi came into being due to the realization of the need to live together, earn one's livelihood, and the need to work together for a common purpose. As the need to create Guthi was inspired by the religious spirit, Guthi gives a prominent importance to religion. Many kinds of Guthis have been established to fulfil various needs in Nepalese society [131].

Box 9: Dhukiti

'Dhikur' or dhukuti or dhikuti (in Nepali) is another example of such an institution that is found commonly in a tribal community like the Thakali of Nepal. This literally means a 'storage box' used for valuables or food grains – the Dhikuti is a financial self-help group which originated from a system of communal food grain storage for the needy. With the onset of the market economy, it expanded quickly and became a sophisticated informal people's bank, providing capital to small businessmen as well as to farmers. Its resources are solely derived from internal saving mobilization. Dhikuti has become a major informal financial institution for small enterprise finance in Nepal, particularly for investments in non-farm and off-farm activities. In many cases, it is the only source of credit (in rural areas)[132].

Many others of such type of religious and social institutions still exist in Nepal. These traditional community associations (many are not registered with the government) are mobilized on the principle of reciprocity. For instance, 'Parma' is a kind of labour sharing (or a kind of 'labour bank' or equivalent to 'time bank') within the community to accomplish tasks like rice planting, or to facilitate events, functions and ceremonies. These institutions are seen as having been the foundation of social harmony and development in Nepal. Many of them are still functioning, particularly in the rural areas. Normally they work outside of the government system, unlike the present officially registered formal users'

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[131] Source: http://www.aioiyama.net/lrc/papers/cbhnm-ppr-6.htm).
[132] Source: http://www.gdrc.org/icm/dhikuti.html

committees and NGOs/CBOs. Promotion of this socially deep-rooted home-grown type of social organization, or the inculcation of such characteristics into users' committees, and moreover, into the modern NGOs, could help to build sustainable institutions, not only for delivering services but also to maintain them. DDCs may need to give priority to such types of home-grown, socially deep-rooted, self-help community organizations, without destroying their traditional values.

As this research shows, the majority of NGOs behave as service delivery intermediaries. In the past, donors have been increasingly involved in building the capacity of such NGOs, and this still continues, in some cases with some NGOs, in Nepal. These NGOs are used for governance improvement, community development, awareness raising and advocacy. They are still handpicked by the donors (or INGOs), but also have entered into competitive bidding in recent years. They can be effective organizations in service delivery, especially where the private sector does not see any financial motivation, and where local NGOs become local knowledge retainers and practitioners as well. However, in coming days, the government might demand that they be more transparent in their activities and in financial disclosure.

Finally, since there is a large number of NGOs in the country, their organizational capacity is subject to competition in the development market. This offers sufficient space for DDCs to select suitable and competent service providers from the market. The issue here is how the DDC would employ an appropriate procurement mechanism that embeds and ensures accountability.

CHAPTER SEVEN

7.   Conclusion

The provision of public services is a complex process because the service transaction involves competing organizational interests. This research has tried to understand this process at the sub-national (District) level of Nepal via the case of rural drinking water supply in seven districts. Agency Theory has been applied to examine accountability features in the service delivery transaction. Similarly, Activity Theory has been applied to assess the organizational relationships that have been forged between the sectoral organizations (DDC, WUCS and SP-NGOs) in service delivery.

Apart from this, the relevant background materials – particularly the District Development Plans of the observed DDCs, National Plans and Policies (NPC), Acts and Regulations, and the project documents and reports of various donors – were studied, looking at public service delivery from the organizational perspective by taking into consideration the objectives, structure, and resource base and the institutional environment (origin, purpose, values) that influenced them. Similarly, the contemporary theoretical interpretation of service delivery paradigms, and their shift from Public Administration to New Public Management, and subsequently to New Public Governance, has been considered, with the aim of a better understanding of public service delivery.

As a whole, the research has revealed the following findings by addressing the research questions in the understanding of public service delivery discipline in the given theoretical context, and drawing from both the practical experiences of Nepal and others around the world.

7.1   Research questions and findings

The following accounts are considered in addressing the key research questions through this research.

Research Questions	Findings
Q.1 "What type (or nature) of accountability features exist in public service delivery transaction?"	This research has used the accountability features denoted by the World Bank (2004) in service delivery transaction by applying Agency Theory. It has clearly established the fact that accountability features (delegating, financing, performing, reporting, enforcing and arbitration) do exist in the service delivery transaction, and these can help to overcome any accountability deficiency by measuring their intensity of compactness in the service delivery relationship. The perceptions of DDCs and Service Provider NGOs confirmed that the contractual (legally binding) relationship offers better accountability features compared to the loosely defined (in legal terms) grant agreement type relationship in public service delivery, although its successful implementation depends very much on the DDC's organizational capacity. This is discussed under the findings of this research in Chapter 5.
Q.2 "What types (or nature) of relationship behaviour do the organizations (Public/DDC, Community/WUC, and Private/Service Provider NGO) involved in service provision exhibit?"	Examining the intensity of the compactness derived from the accountability features in service delivery transaction has helped to define clearly what type of relationship the actors (DCCs, WUCs and SPs) hold in service provision. The relationship DDCs have with WUCs tends to show collaborative network co-production, and is less of a formal agreement type relationship, while the one that DDCs have with Service Provider NGOs tends to show a highly legally binding contractual relationship in service provision. The discussion of this appears in

	Chapter 5.
Q.3 "What are the implications of the different theoretical concepts of public service relationship?"	The assessment of the sectoral organizational relationships (DDC-WUC, DDC-NGO) has been examined using the different theoretical means (and approaches) in Chapter 6 to explore their organizational and institutional features in public service delivery from the accountability perspective. Based on this theoretical derivation and on the practical implications, it is found that the WUCs are influenced by social capital theory. So are the Service Provider NGOs, but their (NGOs) behaviour exhibits market orientation, thus that through adjusting their organizational structure and strategy by accepting private sector values to survive in the market. By combining these theoretical approaches, it can be shown that the service delivery relationship between DDCs and WUCs is influenced by social and public values, and the relationship between DDCs and NGOs is influenced by NPM and political economy.
Q.4 "What are the respective potential and limitations of existing service delivery approaches?"	Although the "collaborative network (public) governance" is the most appealing theoretical approach offered by the scholars in recent times, some also see the service delivery from the "Inter-organizational Relationship" point of view. The former is more from the perspective of public governance, while the latter is more from the general and private sector perspective. However, both approaches are inadequate to deliberate the "publicness" of the public service delivery from the accountability standpoint. This means that public service delivery is still a contestable paradigm open for an uncharted theoretical course.

7.2 Accountability in public service

The NPM (Hood, 1991; Polidano, 1999; Pollitt, C. 1990; Gerry 2001, Pollitt and Bouckaert 2011, McCourt 2001, Ridley 1996, Gruening 2001) which has been the dominant feature of public service delivery over the past forty years (since late 1970s in OECD countries) is still functioning in modern governments although there has been criticism of its excessive market orientation, managerialism, and intra-organizational focus (Rhodes 1997), and that it has failed to address "the complex reality of the design, delivery and management of public services in the twenty-first century" (Osborne S.P. 2010, pp. 4 - 5).

From another quarter, scholars (such as Kennett, Peters, Moore and Hartley, Kooiman, Hughes, Osborne, McLaughlin, Chew, Pestoff, Brandsen, Kettl, Martin, Klijn in Osborne, S.P. 2010) who seek a comprehensive collaborative network approach in public service (Huxham and Vangen 2010), which is inclusive of co-production (Bovaird and Loeffler 2013, Pestoff and Brandsen 2010), argue for a shift in service delivery systems towards the network governance perspective, by making them more participative and "public values" oriented. Hence, public service delivery has become more of the network inter-organizational relational system (Conteh 2013, Cropper et al. 2010) than the organization alone itself.

Caught between these two arguments, one for internal reform of NPM by inclusion of governance and value elements, and the other for the overhauling of public service through new inclusive public governance networks (NPG), most scholars (Osborne, S.P. 2010, O'Flynn 2008, Billis 2010, Dean 1996) have agreed that public service provision in the modern world is "messy", "blurring" and "boundary spanning". What kinds of risks are produced in service delivery because of these characteristics is not clearly explained. Applying accountability features in service transaction is one of the ways to observe how the associated risks in service delivery are managed and mitigated. This research has

looked at the accountability features in the organizational relationship of the different types of organization involved in rural drinking water provision. The findings having been presented in Chapter 5 and the discussion based on these findings is deliberated in Chapter 6.

None of these theoretical approaches have explicitly demonstrated the comprehensive accountability features in the public service delivery supply chain. PA inherits structure and accountability features (Gay 2000, p. 146) from within the bureaucracy and from politicians, NPM contains market-transacted managerial accountability, and in NPG, it is difficult to anchor where the formal accountability should finally rest. The application of Agency Theory provides a framework for understanding accountability in PA and NPM, but accountability is difficult to construct in NPG because of the network governance model. This model finds it difficult to accommodate accountability in public services, since that requires a hierarchical and formal structural relationship. For some, herein lies the specificity of public service transaction, in that the formal structure (regulative) supersedes the moral obligation (normative) (Palthe 2014). Therefore, according to this view, the normative characteristics of NPG are not a sufficient basis for formal public accountability.

The issue of organizational risk in service delivery was explored regarding the extent to which accountability may be essential when actors from different institutional backgrounds have forged their relationship for a common objective (not long term organizational objectives, but short term task-mission objectives). Featuring accountability appropriately in service transaction relationships would help to mitigate the associated risks and safeguard the interests of all actors involved in service delivery.

To an extent, accountability acts as a creative tension in an adversarial organizational context, enabling a successful service transaction relationship. The question is how one

structures the accountability features, whether as a highly structured business-type legally binding relationship, or a less structured socially motivated type relationship.

In the case of rural drinking water provision in Nepal both types of approach have been applied, a highly structured legally binding contractual type with the technical service provider NGOs, and a less legally structured agreement type with the community organizations. From the accountability risk point of view, a highly structured legally binding contractual relationship (formed by DDCs with Service provider-NGOs), which is NPM oriented, offers a better basis in terms of accountability features compared to the agreement type relationship (formed by DDCs with WUCs), which (agreement type) shows co-production features under the broader umbrella of collaborative governance.

However, successful completion of the service transaction is contingent upon the public sector's institutional ability, and hence its competence to engage with the private and social sectors effectively. For this, the question of the DDCs' (or local governments') existing organizational capacity remains the most urgent to be addressed at the sub-national level.

While engaging a third party in service delivery, government requires certain means of verification to be presented before the citizens to ensure public support and legitimize the functioning of the government through an accounting procedure. As Hughes (2003, p. 240) has said:

> *"The relationship between government and citizen depends on the system of accountability…"*

Another convincing argument for the need for accountability in public services is the need to confirm public value in terms of cost efficiency and market competitiveness. The grant

agreement types of service provision are often negotiated on the basis of personal or organizational relationships (Osborne 2010, p.10). This may overlook prevailing market prices thus can push the costs of public services high although the argument is that the grant type (non-profit) relationship, which is based on trust, reduces the transaction cost and ensures the long term working relationship (Witesman and Frenandez 2013).

As we have seen, through accountability features the quality, quantity, cost, and time all can be ensured to be appropriately in line with the market price through competition. Public goods and services cannot be treated like social or community goods that are traded, as in a barter system, or by sharing labour (time banking) or goods (food banking) unless there exists some form of public accounting mechanism.

Public service provision is constantly under pressure for a trade-off between public values and cost effectiveness. To provide good services at lower cost is always a challenge to government. The risk that public values will not conform to the market price is that the cost of service provision will escalate. This will eventually lead to a demand to justify the economic rationality of public services. Featuring accountability appropriately in service delivery transaction addresses this issue.

7.3   Rural drinking water in Nepal

In the past, governance failure (refer to Chapter 3) can be seen as the main cause for poor performance of the public sector in Nepal, directly connected with the political change from the unitary Panchayat system (1960) to a multi-party democracy under the constitutional monarchy (1990), and then eventually the transition to the federal republic (2005). The political system and the bureaucracy had been the establishments of elites and privileged groups throughout the history of Nepal (Bista 1991, Poudel 1986). Despite many institutional reforms and the adoption of liberal policies from 1990s onwards, the

Nepalese polity, society, and governance system could not become more open and inclusive as expected, due to the institutional inertia caused by the behaviour of politicians and the bureaucracy. The reform agenda, brought in due to external pressure, has been implemented successfully in some sectors (e.g. telecommunications, press and communication, financial markets, education, health, energy) by adopting a liberal market-oriented approach, which involved measures such as improving the licensing system and introducing competition, but much of the reform agenda has largely remained on paper (acts, rules, policies, programmes) only. Some basic public services, like community schools, public health and social security have suffered despite heavy public investment.

Sectoral devolution was also introduced within the government structure and functioning in 1990s, by devolving basic public services such as public health, education, agriculture extension, and rural infrastructure (e.g. drinking water) to the districts, but with a functional overlap with the line agencies. This has created confusion within the government structure rather than streamlining the services. At the local level, it was made mandatory for local governments to use the community approach in local infrastructure development, involving users' groups. Despite this, public sector performance has not been improved as envisioned in the national plans and polices. The accountability failure in the public service delivery chain has been blamed for the poor performance of the public sector, hence the adoption of governance improvement initiatives[133] in service delivery in the recent past, through development plans and policies (NPC).

This research has made an attempt to see how service delivery is being carried out at the sub-national level by DDCs, representing the public sector, as being the principal and overseeing authority of service provision, with WUCs as the self-help community organizations, and the NGOs as technical service providers that often show opportunistic

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[133] These initiatives are Good Governance Act 2064 (2008), Local Governance and Community Development Programme (LGCDP), Service Operation Guidelines 2065 (2008) etc.

behaviour with commercial motives in the service market. The observations and findings of the research have clearly supported the notion that DDCs are still organizationally too weak to procure, manage, and oversee effective implementation of public services, whether by 'agreement' with WUCs or by 'contract' with Service Providers – the NGOs. Accountability features such as enforcement, arbitration, and progress monitoring are found to be weak in both types of service transaction relationships, but, importantly, more in the case of those formed with WUCs (by grant agreement) than with SP-NGOs (by contract). Although the application of this service delivery model has yielded better results, as claimed by both DDCs and Service Providers, it has prompted certain operational, capacity-building and policy issues, as discussed under in Chapter 5 and Chapter 6.

Currently, state restructuring and the governance (politico-administrative) framework are the two major agendas [134] before the Constituent Assembly of Nepal. Therefore, federalism, decentralization and devolution are at the forefront of attention. The new form of politico-administrative and governance structure will directly influence the service delivery mechanism of the country in future. Amid this change, the role of the community in public service provision will remain as it was before, and equally, the role of private sector. How successfully the state engages itself with these two sectors will determine the best service delivery outcomes. One thing that needs to be carefully observed is how the accountability features are built into the service delivery chain within the different layers of the government system, and with the other actors and stakeholders, by instituting the appropriate policy, legal and structural framework.

This research has shown that considerable results have been achieved since the procurement of technical services by DDCs from a third party (in this case SP-NGO)

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[134] The judiciary system and the election system are other two issues before the Constituent Assembly but less intricate and controversial compared to the state structuring and governance system.

which is a new initiative in drinking water systems. But there is still much to be done to improve the procurement and overall service delivery capacity of DDCs. As a public institution the role of the DDC would be facilitative, one of 'steering not rowing', but this still requires it to be regulative and enforcing in order to ensure successful service transaction relationships to achieve greater public value and benefits.

7.4   Future research agenda

The findings of this research have prompted the following research agenda for further reference. If public service provision is a multidisciplinary contested subject from the organizational relational perspective then what kind of accountability feature can be instituted in the service provision? The 'Inter-organizational Relationship' deals with the need for and process of the organizational relationship, but it is less explained from the accountability perspective. It talks about both collaborative network and contractual type of relationships, but it does not see how and what kind of accountability features are embedded in such relationships.

The public value dilemma seems to be at the crossroads of the debate –does private sector provision of public service really help? The question exists because private provision is increasingly under criticism for undermining public value. Furthermore, does the third sector (social and community) involvement in public service ensure accountability? Moreover, does the existing public sector need to reorient to incorporate all the governance issues that are advocated by NPG in service delivery? Or is there a need for a new paradigm shift (Q4)?

As has been seen, many governance features (inclusiveness, equity, collaborative, networking) contradict with market (contractualism, price, competition, accessibility) and bureaucracy (structure, hierarch, formality) as discussed in Chapter 6. The issue of

making policy networks inclusive of service delivery, and the question of what could be the appropriate mechanism to maintain the inter- and intra-organizational tension in public service delivery – particularly in the case of TSOs, given their wide range of organizational forms – could be interesting avenues to explore.

Finally, it is worth mentioning what Robert Chambers declared at the United Nations Development Cooperation Forum (ECOSOC) on 10 July 2014[135], on the theme "Bringing the future of development cooperation to post – 2015". He laid emphasis on the South-South relations, and stressed that development cooperation should be based on 'trust', transparency' and 'truth' rather than on 'result-driven payment' as used by the UK government. He criticized the excessive control by government in general over NGOs. His message to the UN bodies and the donor community was not to impose strict conditions on aid but rather to facilitate local institutions. His approach seems to be driven by ideas concerning social capital, institutional networks, and the collaborative spirit at the organizational level. However, the situation is different when, due to the intense pressure, which comes from the public, themselves, to make the government more accountable to the public, the governments in both developed[136] and developing countries are imposing more stringent conditionality on the working relationships with TSOs.

The dichotomy between the 'social type' and the 'business type' of relationships and their application to public service provision has been, and will be likely to remain, a subject for an academic debate which is to be continued. It would also be in the interests of public policy to devise appropriate interventions in the service delivery process which can

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[135] http://webtv.un.org/meetings-events/conferencessummits/3rd-international-conference-on-financing-for-development-addis-ababa-ethiopia-13–16-july-2015/interviews-and-other-videos/watch/opening-2014-development-cooperation-forum-ecosoc-high-level-segment/3668498203001

[136] "The Canada Revenue Agency has built a team of 15 auditors specifically to audit the political activities of the selected charities. Some 52 audits are under way or concluded, with eight more expected to be launched by 2016, drawing on a special $13.4-million fund." [Dean Beeby (2014) on National Newswatch, source http://www.nationalnewswatch.com/2014/07/30/small-foreign-aid-charity-struggles-with-onerous-cra-demands-after-audit/#.VQCdUSkyXOM]. In the case of the UK "'Handing over' public money, in the form of commissioning services, to bodies that are apparently not directly accountable through electoral or public appointment systems is seen to be problematic" Steele, J. et al (2003, p. 20).

institute equilibrium in the accountability between actors in the service transaction relationship (collaborative or network). There are no simple answers in the theoretically and practically contested area of public service delivery, but this research has been an attempt both to broaden and to focus the terms of the debate.

7.5   Limitations

This research is primarily focused on accountability in the service transaction relationship between actors in public services. Therefore, the research does not explicitly consider political, social and other forms or types of accountability. This also means that the research did not consider the philanthropic type of service transactional relationship as part of corporate social responsibility normally initiated by the private sector between private organizations, communities and public organizations.

The service transaction relationship was observed from the DDCs' and Service Providers' (NGOs) perspective only, which does not include the community perspective (WUCs), thus limiting the perception loop of all three actors involved in rural drinking water service provision for better triangulation of the perceptions. However, this (survey results) limitation is adequately complemented by the interviews and observations.

A related issue is transaction cost. This research did not undertake to look at the comparative analysis of transaction costs which also entails the cost-benefit analysis of the different approaches employed in service delivery i.e. 'contractual' and 'agreement'. Nevertheless, the assumption is that the less formal agreement-type relationships (network governance) reduce the transaction cost (Isett and Provan 2005). However, it also assumes that the consequence of not having proper accountability features in the relationship could mean, at the end, a high risk of service transaction failure, due to the poor structuring of the relationship and the lack of enforcement measures.

Finally, this research is carried out during a time when Nepal is under political transition. Many issues discussed in the light of the existing local government system would not be the same when the country has embraced the new federal structure. The local governments at the sub-national level will be re-organised according to a new politico-administrative structure. The central, provincial and local relationships will be defined in a new form. Accordingly, the responsibility for service delivery at different governance levels will be determined.

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Appendix

Appendix I: Studied Districts Data

Sn.	District	Household	Population Total	Population Male	Population Female	Area in Sq. Km.	Average Household size	Sex Ratio	Population Density
1	Parbat	35,719	146,590	65,301	81,289	494	4.10	80.30	297
2	Baglung	61,522	268,613	117,997	150,616	1,784	4.37	78.30	151
3	Nawalparasi	128,793	643,508	303,675	339,833	2,162	5.00	89.40	298
4	Rupandehi	163,916	880,196	432,193	448,003	1,360	5.37	96.50	647
5	Tanahun	78,309	323,288	143,410	179,878	1,546	4.13	79.70	209
6	Syangja	68,881	289,148	125,833	163,315	1,164	4.20	77.00	248
7	Pyuthan	47,730	228,102	100,053	128,049	1,309	4.78	78.10	174
	Total	**584,870**	**2,779,445**	**1,288,462**	**1,490,983**	**9,819**	**4.75**	**86.42**	**283**
	National	5,427,302	26,494,504	12,849,041	13,645,463	147,181	4.88	94.20	180
	Share %	11	10	10	11	7			

Source: Central Bureau of Statistics, Nepal

Appendix II: List of DWS Schemes (Completed and On-going)

Sn.	District Name	Sn.	VDC Name	Sn.	Schemes Name	WUSC Name	WUSC Registration	War d No	Additi onal Wards Cover ed	Work Start Date	Nature of Scheme (New or Rehab.)	Sche me Type	Benefici ary HHs	Benefi ciary Popul ation	Estimated Total Scheme Cost in NPR	Implement ation Status as of July 2013
1	Baglung	1	Bihunkot	1	Bhimsen HSS DWS	Jukepani	Registered	6	7	26/03/2011	New	Gravity	-	-	415,916	Completed
				2	Bihunkot Mandir DWS	Bihunkot Mandir	Registered	4		27/03/2009	New	Gravity	51	318	928,640	Completed
				3	Dadrakhola DWS	Dadrakhola	Registered	4	5,7	28/03/2011	New	Gravity	165	1,047	4,668,717	Completed
				4	Jukepani DWS	Jukepani	Registered	6	7	26/03/2011	New	Gravity	77	441	1,915,127	Completed
				5	Shasradhara DWS	Shasarsadhar a	Registered	7	6	25/03/2011	New	Gravity	110	748	3,077,162	Completed
				6	Suldanda Bihunkot II DWS	Bihunkot Second	Registered	1	2,3,5	3/9/10	Rehabilitati on	Gravity	51	318	2,730,538	Completed
				7	Tripureshwor temple DWS	Tripureshwor Mahadev Mandir	Registered	6		8/3/11	New	Gravity	21	50	1,025,380	Completed
		2	Chhisti	8	Chhisti DWS	Chhisti	Registered	4	2,5,6,7 ,9	18/07/2011	Rehabilitati on	Gravity	575	3,465	5,956,245	Completed
				9	Dhusa Tyang DWS	Dhusa Tyang	Registered	4		24/03/2011	New	Gravity	33	195	796,986	Completed
				10	Phurkesalla Khanepani	Phurkesalla Khanepani	Registered	1	0	8/6/10	New	Gravity	115	607	2,135,608	Completed
				11	Rapung Pandhero DWS	Rapung Pandhero	Registered	7		12/4/11	New	SI	9	49	93,466	Completed
				12	Sapaudi DWS	Sapaudi	Registered	1		24/03/2011	New	Gravity	12	66	273,266	Completed
				13	Takuri Jukemul DWS	Takuri Jukemul Dhuseni	Registered	8		25/03/2011	New	Gravity	53	283	1,341,085	Completed
		3	Damek	14	Biraune DWS	Biraune	Registered	7		22/04/2011	New	Gravity	49	333	1,247,935	On-going
				15	Chaurase DWS	Chaurase	Registered	3		13/04/2011	New	Gravity	32	206	1,132,798	Completed
				16	Deuralikhani DWS	Deuralikhani	Registered	6		11/4/11	New	Gravity	74	373	706,249	Completed
				17	Gajadaha Pahare DWS	Gajadaha Pahare	Registered	9	0	8/3/11	New	Gravity	29	182	1,754,840	Completed
				18	Gauderi DWS	Gauderi	Registered	4		12/4/11	New	Gravity	29	152	586,490	Completed
				19	Kalapatal DWS	Kalapatal	Registered	5		11/4/11	New	Gravity	114	615	2,587,829	Completed
				20	Nepane DWS	Nepane	Registered	8		11/3/11	New	Gravity	114	628	3,108,230	Completed
				21	Ritip DWS	Ritip	Registered	1		13/03/2011	New	Gravity	36	287	1,188,378	Completed
				22	Shivapuri DWS	Shivapuri	Registered	7		10/3/11	New	Gravity	19	137	687,838	Completed
		4	Kandebas	23	Batase Dandbase and Birkot DWS	Batase Dandbase	Registered	8	9	21/03/2011	New	Gravity	34	407	1,770,803	Completed
				24	Janajagriti HSS DWS	Janajagriti	Registered	8		13/04/2011	New	Gravity	-	-	857,690	On-going
				25	Kandes DWS	Kandebas Bazar	Registered	8	0	19/05/2010	New	Gravity	30	190	392,634	Completed
				26	Rajbagar DWS	Rajbagar	Registered	3	0	19/05/2010	New	Gravity	15	100	528,357	Completed
				27	Thalepokhara DWS	Thalepokhara RWH	Not Started	7		2/6/10	New	Gravity	58	357	1,214,243	Completed
				28	Thalepokhara RWH DWS	Thalepokhara	Registered	7	0	2/6/10	New	RWH	58	700	2,333,244	Completed
				29	Uchuka RWH	Uchuka	Not Started	7		20/03/2011	New	RWH	17	201	1,117,683	Completed
		5	Nisi	30	Chaitekharka DWS	Chaite Kharka	Registered	6		27/02/2011	New	Gravity	32	160	536,690	Completed
				31	Nglasha DWS	Nglasha	Registered	8		13/03/2011	Rehabilitati on	Gravity	24	147	330,302	Completed
		6	Sukhaura	32	Bhitriban DWS	Bhitriban	Registered	7		12/7/10	New	RWH	10	85	986,285	Completed
				33	Mahendra Ma Vi DWS	Mahendra Ma Vi	Registered	5	0	19/09/2010	New	Gravity	-	-	1,114,105	Completed
2	Nawalparasi	7	Baidauli	34	Ambedakar DWS	Ambedakar (Chamar Tole)	Registered	5		16/11/2011	Rehabilitati on	DW	11	38	150,109	Completed
				35	Badki Baidauli (Aarati) DWS	Aartidevi Inar maramt (Badki Baidauli)	Registered	2		29/01/2011	Rehabilitati on	DW	10	66	123,091	On-going
				36	Bhairabpur DWS	Bhairavpur	Registered	6		26/05/2010	Rehabilitati on	DW	13	65	143,493	Completed

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				37	Laxmi Dharmauli DWS	Laxmi Dharmauli	Registered	1		16/11/2011	Rehabilitation	DW	17	80	127,876	Completed
				38	Panchmukhi DWS	Panchmukhi Betahani	Registered	5		6/6/10	Rehabilitation	DW	18	77	156,416	Completed
				39	Saraswoti Dharmauli DWS	Saraswoti Dharmauli	Registered	4		6/4/10	Rehabilitation	DW	14	60	165,020	Completed
				40	Srirampur Krishna DWS	Shreerampur Krishna	Registered	5		3/1/11	Rehabilitation	DW	15	93	154,645	Completed
		8	Dhaubadi	41	Aale tole DWS	Aale tole	Registered	7		15/04/2011	Rehabilitation	Gravity	11	95	100,905	Completed
				42	Amlabhnjyang Jharnakhola DWS	Aamlabhanjyang Jharnakhola	Registered	6		15/04/2011	Rehabilitation	Gravity	35	275	1,110,740	Completed
				43	Badhthumki DWS	Badh thumki	Registered	7		12/1/11	New	Gravity	13	96	473,405	Completed
				44	Chauradhap Kokhetole DWS	Chauradhap kokhetole	Registered	7		17/04/2011	Rehabilitation	Gravity	29	228	883,364	Completed
				45	Dhaubadi Harde DWS	Harde	In Process	1	5	2/6/12	New	Gravity	59	417	2,461,714	On-going
				46	Dhaula Baseni DWS	Dhaulabaseni WUSC	Registered	6		21/04/2011	Rehabilitation	Gravity	30	360	580,707	Completed
				47	Kute DWS	Kute	Registered	7		10/5/11	New	Gravity	19	151	658,591	Completed
				48	Madaneghat DWS	Madaneghat	Registered	2	7	9/7/12	Rehabilitation	Gravity	95	631	712,033	On-going
				49	Pangre DWS	Pangre	Registered	8		24/05/2010	New	Gravity	24	169	1,229,963	Completed
				50	Pokhari-Dhauba DWS	Pokhari dhoba	Registered	3		20/04/2011	New	Lift	33	274	2,246,038	Completed
				51	Ramche DWS	Ramche	In Process	9		29/11/2011	New	Gravity	43	288	1,221,119	On-going
				52	Shanti tole DWS	Shanti tole	Registered	7		21/04/2011	Rehabilitation	Gravity	24	187	1,091,937	Completed
				53	Wakhkhor DWS	Bakh khor	Registered	4		20/04/2011	Rehabilitation	Gravity	21	232	248,901	Completed
		9	Pratappur	54	Balmiki DWS	Balmiki	Registered	1		20/01/2011	New	DW	46	234	261,777	Completed
				55	Gangotri DWS	Gangotri	Registered	7		24/01/2011	New	DW	28	156	127,102	On-going
				56	Garib Kalyan DWS	Garib Kalyan/Chamrauti	Registered	2		2/8/11	Rehabilitation	DW	18	70	107,803	Completed
				57	Kamal Binayak DWS	Kamal Binyak	Registered	5		24/01/2011	Rehabilitation	DW	28	174	265,806	Completed
				58	Kumarbarti DWS	Kumarbarti	Registered	7		10/2/11	New	DW	28	156	111,172	Completed
				59	Laligurans DWS	Laligurans	Registered	3		2/8/11	Rehabilitation	DW	39	215	207,065	Completed
				60	Pashupati/ Gangapur DWS	Pashupati/Gangapur	Registered	1		2/8/11	Rehabilitation	DW	20	88	126,893	Completed
				61	Pratappur DWS	Pratappur	Registered	1		2/8/11	New	Lift	48	324	847,138	On-going
				62	Triveni DWS	Tribeni	Registered	4		27/02/2011	New	DW	26	144	167,725	On-going
		10	RamgramN.P	63	Kashiya Pachgau DWS	Kashiya Pachgau	Registered	12		13/09/2011	New	Lift	257	1,439	5,312,611	On-going
				64	Kunuwar DWS	Kunuwar	Registered	12	13,3,5	18/03/2011	New	Lift	180	1,113	3,869,576	On-going
				65	Padatikar Siwangadh	Padatikar Siwangadh	Registered	13		23/06/2011	New	Lift	183	1,109	5,174,891	On-going
3	Parbat	11	Barachaur	66	Bangemul DWS	Bangemul	Registered	2	1	18/04/2010	New	Gravity	12	75	178,406	Completed
				67	Katus & Sotakhar DWS	Katus & Sota	Registered	6		31/07/2011	New	Gravity	34	282	1,379,738	Completed
				68	Kharibot DWS	Kharibot	Registered	6		21/04/2010	New	Gravity	114	684	974,015	Completed
				69	Paharepani DWS	Paharepani	In Process	8		31/07/2011	New	Gravity	36	197	942,136	Completed
				70	Patal Ambari DWS	Patal Ambari	In Process	4		31/07/2011	New	Gravity	56	326	1,783,278	Completed
				71	Tilahari DWS	Tilahari	Registered	6		31/07/2011	New	Gravity	25	139	837,874	Completed
		12	Dhairing	72	Bhawanipuje DWS	Bhawanipuje	Registered	8	3,4,5	21/05/2010	Rehabilitation	Gravity	45	271	519,411	Completed
				73	Bhusune Salyantar DWS	Bhusune Salyantar	Registered	4		1/6/11	New	Gravity	68	302	2,491,345	Completed
				74	Chaurasidhara DWS	Chaurasi Dhara	Registered	9	6,7,8	19/04/2009	Rehabilitation	Gravity	235	1,126	947,797	On-going
				75	Dhadkharka DWS	Chaurasi Dhara	Registered	9	6,7,8	19/04/2009	New	Gravity	66	436	-	On-going

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				76	Dhadkhola DWS	Mahabir	Registered	9		19/12/2011	New	Gravity	21	129	-	On-going
				77	Dhadrocha (Rochapatra) DWS	Dhadrocha (Rochapatra)	Registered	8		22/06/2011	New	Gravity	48	319	1,361,344	On-going
				78	Jukepani DWS	Jukepani	Registered	5		22/06/2011	New	Gravity	210	1,385	3,649,800	On-going
				79	Mahabir DWS	Mahabir	Registered	9		19/12/2011	New	Gravity	56	285	2,071,419	On-going
				80	Purjakhola DWS	Purjakhola	Registered	2	3	7/11/10	New	Gravity	102	549	6,716,697	On-going
				81	Salyan DWS	Bhusune Salyantar	Registered	4		1/6/11	New	Gravity	35	210	1,353,043	Completed
				82	Thotneri DWS	Thotneri	Registered	5		22/06/2011	Rehabilitation	Gravity	55	330	3,063,753	On-going
		13	Khanigaun	83	Babajiko Kuwa DWS	Babajiko Kuwa	Registered	5		1/8/11	New	Gravity	16	96	301,674	Completed
				84	Chharchhare DWS	Chharchhare	Registered	8		1/8/11	New	Gravity	26	157	589,781	Completed
				85	Chitipani DWS	Chitipani	Registered	8	5,6	23/06/2010	Rehabilitation	Gravity	55	330	1,100,681	Completed
				86	Dhandpani DWS	Dandapani Kuwa	Registered	4		2/8/11	New	SI	21	126	77,048	Completed
				87	Gramin Khanepani DWS	Gramin Khanepani	Registered	1	2,3,6,7,9	5/7/11	New	Gravity	288	1,670	3,945,937	On-going
				88	Jhaklak DWS	Jhaklak Gahate	Registered	4	3,5,6	23/06/2010	Rehabilitation	Gravity	65	355	2,609,437	Completed
				89	Kharewa Kuwa DWS	Kharewa	Registered	1		2/8/11	New	SI	25	123	100,105	Completed
				90	Ratpate DWS	Ratpate	Registered	9		1/8/11	New	Gravity	9	69	500,035	Completed
		14	Limithana	91	Badhako Dhara DWS	Badhako Dhara	Registered	4	5	27/04/2011	New	SI	16	96	442,835	Completed
				92	Budigade DWS	Budigade	Registered	9		21/04/2011	New	Gravity	17	111	549,755	Completed
				93	Chhipchhipe DWS	Chhipchhipe	Registered	8		25/04/2011	New	Gravity	27	140	1,450,592	Completed
				94	Gadakhola DWS	Gada Khola	Registered	8		24/08/2011	New	Gravity	19	108	682,341	Completed
				95	Haluwabed Muni Mul DWS	Budigade	Registered	9		21/04/2011	New	Gravity	6	39	190,620	Completed
				96	Joshiko Dhara DWS	Kafalbot Khanepani	Registered	5	4,6,7,8,9	27/08/2010	New	SI	9	56	131,866	Completed
				97	Jukepani DWS	Sindure Dhunga	Registered	2		1/4/11	New	Gravity	16	103	504,390	Completed
				98	Kafalbot DWS	Kafalbot Khanepani	Registered	5	4,6,7,8,9	27/08/2010	Rehabilitation	Gravity	59	354	2,017,095	Completed
				99	Kalidaha DWS	Kalidaha Khanepani	Registered	6	1,2,3,4,5,9	22/04/2010	Rehabilitation	Gravity	94	564	5,712,722	On-going
				100	Kaushini Kalala DWS	Budigade	Registered	9		21/04/2011	New	Gravity	20	110	675,458	Completed
				101	Kausini Salghari DWS	Budigade	Registered	9		21/04/2011	New	Gravity	7	47	379,543	Completed
				102	Lakuri Dhara DWS	Kalidaha Khanepani	Registered	6	1,2,3,4,5,9	22/04/2010	New	SI	9	62	200,257	Completed
				103	Pakhrikhola Dasa DWS	Budigade	Registered	9		21/04/2011	New	Gravity	14	89	428,006	Completed
				104	Pakhrikhola DWS	Budigade	Registered	9		21/04/2011	New	Gravity	18	110	463,586	Completed
				105	Sallako Bot Muni DWS	Sindure Dhunga	Registered	2		1/4/11	New	Gravity	18	109	507,172	Completed
				106	Sinduredhunga DWS	Sindure Dhunga	Registered	2		1/4/11	New	Gravity	17	104	200,256	Completed
				107	Tindhare Muhan DWS	Tindhara	Registered	5		26/04/2011	New	Gravity	12	75	506,014	Completed
		15	Ranipani	108	Aanpgaira DWS	Aanpgaira	Registered	4		8/5/11	New	Gravity	14	84	262,448	Completed
				109	Aarupata DWS	Tunigaira	Registered	9		20/04/2011	New	SI	12	46	168,123	Completed
				110	Ashurabot DWS	Asurabot	Registered	8	0	2/3/11	New	Gravity	19	156	505,931	Completed
				111	Bhakuta DWS	Tunigaira	Registered	9		20/04/2011	New	SI	10	56	111,656	Completed
				112	Bhattarai Pandhero DWS	Tunigaira	Registered	9		20/04/2011	New	SI	7	43	106,564	Completed
				113	Bhulka Bhati DWS	Bhulka Bhati	Registered	5	1	1/3/11	New	SI	36	216	637,734	Completed

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				114	Chakaude Lift DWS	Chakaude	Registered	2		17/05/2011	New	Lift	12	72	542,249	On-going
				115	Chharchhare DWS	Lauke Chharchhare	Registered	2	3,4,	12/5/11	New	Gravity	18	108	207,801	On-going
				116	Chisapani Khamaripata DWS	Chakaude	Registered	2		17/05/2011	New	SI	24	144	253,881	Completed
				117	Deuralikuwa DWS	Nepaltara	Registered	2		11/10/09	New	SI	4	20	159,570	Completed
				118	Dhapgaira Chisapani DWS	Dhapgaira Khamaripata	Registered	4		12/6/11	New	SI	11	66	121,035	Completed
				119	Dhapgaira Pandhero DWS	Dhapgaira Pandhera	Registered	2		18/06/2011	New	Gravity	12	73	121,035	Completed
				120	Imichaour Lift DWS	Imichaour Lift	Registered	5		20/05/2011	New	Lift	29	157	625,692	On-going
				121	Imichour DWS	Imichour	Registered	5	0	2/3/11	New	Gravity	16	96	482,220	Completed
				122	Jhaurikhola DWS	Jhauri Khola	Registered	7	0	2/3/11	New	Gravity	67	373	772,778	Completed
				123	Kulainthan DWS	Kulainthan	Registered	6	7	18/06/2011	New	Gravity	46	276	1,058,784	Completed
				124	Kulbandh DWS	Aanpgaira	Registered	4		8/5/11	New	Gravity	54	314	851,022	Completed
				125	Lahose DWS	Lohose	Registered	5	0	2/3/11	New	Gravity	7	35	466,870	Completed
				126	Lauka Kuwa DWS	Lauke Chharchhare	Registered	2	3,4,	12/5/11	New	Gravity	18	108	1,011,421	On-going
				127	Nepaltara DWS	Nepaltara	Registered	2		11/10/09	New	Gravity	7	50	826,000	Completed
				128	Paanchmure Pandhera DWS	Tunigaira	Registered	9		20/04/2011	New	SI	6	37	84,624	Completed
				129	Thulachour DWS	Thulachour	Registered	8	0	2/3/11	New	Gravity	26	151	568,922	Completed
				130	Thumkapandhera DWS	Tunigaira	Registered	9		20/04/2011	New	SI	6	34	86,345	Completed
				131	Tunigaira DWS	Tunigaira	Registered	9		20/04/2011	New	Gravity	58	407	563,293	Completed
				132	Bagalekhanepani DWS	Baglekhanepani	Registered	8	0	22/05/2010	New	Gravity	12	76	428,224	Completed
				133	Batase Dhara DWS	Batase Dhara	Registered	9		4/11/11	New	SI	19	88	82,986	Completed
				134	Bhaterpata DWS	Bhatera Pata	Registered	3		1/11/11	New	Gravity	20	131	536,271	Completed
				135	Bihechaur DWS	Bihechour	Registered	6	7	19/05/2010	New	Gravity	40	214	691,446	Completed
				136	Chhipchhipe Malyangdi DWS	Chhipchhipe Malyangdi	Registered	2		18/06/2011	New	Gravity	24	135	403,882	Completed
				137	Dandare Jyamire DWS	Dandare Jimire	Registered	2		3/5/11	New	Gravity	11	78	309,451	Completed
				138	Dandare Kuwa DWS	Dandare Kuwa	Registered	7		5/4/10	New	SI	15	55	826,000	Completed
				139	Jhakrikhola DWS	Jhakrikhola	In Process	5		27/11/2011	New	Gravity	10	50	310,462	Completed
				140	Jhakriko Than DWS	Jhakriko Than	Registered	8		9/11/11	New	SI	41	159	207,716	Completed
		16		141	Kalikhola DWS	Kalikhola	Registered	5		2/4/10	New	SI	65	350	826,000	Completed
				142	Kamere Khola Arghase DWS	Kamerekhola Arghase	Registered	2		18/05/2011	New	Gravity	7	56	601,818	Completed
				143	Khoriya Pani DWS	Khoriya Pani	Registered	6	7	19/10/2011	Rehabilitation	Gravity	98	575	2,434,178	On-going
				144	Khuttekhola DWS	Khutte Khola	Registered	5		14/11/2011	New	Gravity	22	131	609,943	On-going
				145	Majhpani DWS	Majhpani	Registered	3		29/05/2011	New	SI	41	159	207,716	On-going
				146	Okhale Kuwa DWS	Okhale Khola	Registered	5		2/4/10	New	SI	15	55	60,000	Completed
				147	School Muniko Kuwa DWS	School Muni	Registered	8		13/11/2011	New	SI	19	88	85,396	Completed
			Thulipokhari	148	Seto Pairo DWS	Seto Pairo	In Process	1	2	13/05/2011	Rehabilitation	Gravity	4	23	211,351	Completed
				149	Thadekhola DWS	Thadeko Kuwa	Registered	8		9/11/11	New	SI	19	85	85,396	Completed
				150	Upallo Gaganpani DWS	Upallo Gaganpani	Registered	7		13/11/2011	New	Gravity	15	85	340,149	Completed
4	Pyuthan	17	Dangwang	151	Amili DWS	Amili	Registered	4	2.3.5	3/7/11	New	Lift	202	1,515	9,924,938	On-going
				152	Chisapani Takura DWS	Chisapani Takura	Registered	2		1/2/10	New	Gravity	13	72	488,028	Completed
				153	Dabara DWS	Dabara	Registered	4	0	20/02/2010	New	Gravity	48	391	1,623,261	Completed
				154	Kalikatha DWS	Kalikath	Registered	3	0	10/3/10	New	Gravity	29	249	1,221,190	Completed

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				155	Kayani Khola DWS	Kayani Khola	Registered	6	0	12/3/10	New	Gravity	36	280	1,298,208	Completed
				156	Kudule DWS	Kudule	Registered	3	0	26/01/2010	New	Gravity	19	104	484,272	Completed
				157	Majhidamar DWS	Maghidamar	Registered	2	0	1/2/10	New	Gravity	31	265	1,131,195	Completed
				158	Majhidamar MUS	Majhidamar Irrigation Pond	Registered	2		28/02/2010	New	SI	34	220	414,490	Completed
				159	Pakhapani DWS	Pakhapani	Registered	7		10/3/10	New	Gravity	26	181	990,875	Completed
				160	Sallikot Besi DWS	Sallikot Besi	Registered	8		29/06/2011	New	Gravity	23	166	1,266,189	Completed
				161	Tallo Bayakhola DWS	Tallo Bayakhola	Registered	4		3/7/11	New	Gravity	45	310	1,671,792	Completed
				162	Upallo Simpani DWS	Upallo Simpani	Registered	9		29/06/2011	New	Gravity	56	458	1,808,598	Completed
				163	Wangri DWS	Wangri	Registered	7		3/7/11	New	Gravity	25	168	585,420	Completed
				164	Baike DWS	Baike	Registered	7		29/03/2009	New	Gravity	24	176	1,870,798	Completed
				165	Bange Besi DWS	Bange Besi	Registered	6	0	12/3/10	New	Gravity	17	146	614,607	Completed
				166	Biware Khola DWS	Beware Khola	Registered	7		28/04/2010	New	Gravity	10	61	594,927	Completed
				167	Chaba Khola DWS	Chakhola	Registered	6	0	26/02/2010	New	Gravity	11	95	542,767	Completed
				168	Dandabari Dharapani DWS	Dandabari Dharapani	Registered	8		28/01/2011	New	Gravity	13	125	379,747	Completed
				169	Dharapani DWS	Dharapani	Registered	6	0	20/04/2010	New	Gravity	10	70	977,956	Completed
				170	Dhava Thulopandhera DWS	Dhava Thulopahera	Registered	7		26/06/2011	New	Gravity	21	131	430,261	Completed
		18		171	Hanspur DWS	Hanspur	Registered	1		1/2/11	New	Gravity	26	144	487,478	Completed
				172	Jhakrikhola DWS	Jhakrikhola	Registered	5	0	29/04/2010	New	Gravity	25	225	1,253,476	Completed
				173	Jukepani DWS	Jukepani	In Process	5		26/05/2012	New	Gravity	45	340	1,122,129	On-going
				174	Kirale Khola DWS	Kirale Khola Scheme	Registered	5	0	24/01/2010	New	Gravity	20	167	812,229	Completed
				175	Palu Pandhera DWS	Palu Pandhera	Registered	6		12/2/11	New	Gravity	30	208	279,536	Completed
				176	Pandey Khola DWS	Pandey Khola	Registered	7		29/01/2011	New	Gravity	9	78	437,137	Completed
				177	Pauwa Khola DWS	Pauwakhola	Registered	9	0	21/06/2010	New	Gravity	11	80	758,760	Completed
				178	Rani Aanp DWS	Rani Aanp	In Process	7		6/3/12	New	Gravity	11	78	283,830	On-going
			Hansapur	179	Saune Khola DWS	Saune Khola	Registered	9		29/01/2011	New	Gravity	25	183	913,918	Completed
				180	Thulo Pandhera DWS	Thulo Pandhera	Registered	4		3/7/11	New	Gravity	20	186	270,662	Completed
				181	Baraha Ni Ma Vi DWS	Raju khola	Registered	6		23/11/2011	New	Gravity	-	-	343,008	Completed
				182	Dharen khola DWS	Dharen khola	Registered	6		24/11/2011	New	Gravity	43	241	1,406,821	Completed
		19		183	Milijuli DWS	Milijuli	Registered	2		26/11/2011	New	Gravity	30	198	980,159	Completed
			Khawang	184	Pangrang Tal DWS	Pangrang Tal	In Process	1		22/09/2012	New	Gravity	108	550	2,905,858	On-going
				185	Rajukhola DWS	Raju khola	Registered	6		23/11/2011	New	Gravity	10	71	350,181	Completed
				186	Ghurcha DWS	Ghurcha	In Process	1		11/6/12	New	Gravity	119	903	4,946,301	On-going
		20		187	Mul Khola DWS	Mul Khola	Registered	8		23/12/2010	New	Gravity	48	269	1,394,998	Completed
			Kochiwang	188	Pandhera Khola DWS	Pandhera Khola	Registered	5		23/02/2011	New	Gravity	16	147	571,277	Completed
				189	Sakribang DWS	Sakribang	Registered	6		23/02/2011	New	Gravity	47	320	1,705,327	Completed
				190	Dargauda DWS	Dargauda	Registered	5		23/02/2011	New	Gravity	48	342	1,050,268	Completed
				191	Lum Khola DWS	Lum Khola	Registered	2		21/02/2011	New	Gravity	58	437	1,246,090	Completed
		21		192	Panimul DWS	Panimul	Registered	1	3	21/01/2011	New	Gravity	98	612	2,901,960	Completed
				193	Sirbang DWS	Sirbang	In Process	4		22/09/2012	New	Gravity	79	583	3,027,309	On-going
			Ligha	194	Tanglabang Khocheri DWS	Tanglabang Khocheri	Registered	8	9	26/05/2011	New	Gravity	107	655	2,723,056	Completed
				195	Bahun Pani DWS	Bahun Pani	Registered	4		10/6/11	New	Gravity	44	284	869,141	Completed
		22		196	Dulepani Mulpani	Dulepani Mulpani	Registered	3		25/06/2012	Rehabilitation	Gravity	30	180	144,000	Completed
			Swargadwarik hal	197	Hamja DWS	Hamja	Registered	5		13/05/2011	New	Gravity	29	247	1,151,323	Completed
				198	Nas DWS	Nas	In Process	8		1/11/12	New	Gravity	58	359	1,115,458	On-going

Sn.	District Name	Sn.	VDC Name	Sn.	Schemes Name	WUSC Name	WUSC Registration	Ward No	Additional Wards Covered	Work Start Date	Nature of Scheme (New or Rehab.)	Scheme Type	Beneficiary HHs	Beneficiary Population	Estimated Total Scheme Cost in NPR	Implementation Status as of July 2013
				199	Pangrang DWS	Pangrang	Registered	3		20/03/2011	New	Gravity	50	284	1,267,103	Completed
				200	Swargadwari RWH	Swargadwari	Not Started	4		21/02/2011	New	RWH	59	395	3,930,341	Completed
5	Rupandehi	23	Aama	201	Aama Mini Overhead DWS	Aama	Registered	2	1	2/4/11	New	Lift	234	1,842	4,363,926	On-going
				202	Ramjanaki STW DWS	Ram Janaki	Registered	3	4,5,6,7,8,9	18/04/2011	New	TW	240	1,914	1,156,853	Completed
		24	Devadaha	203	Bisalnagar DWS	Bishal nagar Taterachabi	Registered	6		7/5/10	New	Gravity	210	1,205	891,307	Completed
				204	Charange DWS	Charange	Registered	1	2	8/4/11	New	Lift	496	2,950	14,765,529	On-going
				205	Daldale DWS	Daldale	Registered	9		2/6/10	New	Gravity	14	80	628,645	Completed
				206	Keuli DWS	Keuli	Registered	3		20/08/2010	Rehabilitation	Gravity	44	265	532,650	Completed
				207	Mudhabas DWS	Mudhbas	Registered	9		5/6/10	New	Gravity	27	170	597,201	Completed
				208	Tallo Sarrentadi DWS	Tallo Sarentadi	Registered	3		8/6/10	New	Gravity	22	197	338,437	Completed
		25	Jogada	209	Dhupai DWS	Dhupai	Registered	5		15/04/2011	New	Lift	105	953	3,668,988	On-going
				210	Jogada DWS	Jogada	Registered	1	2,3,4,6,7,8,9	17/06/2011	New	TW	162	1,148	1,342,771	Completed
		26	Parroha	211	Brahamabada DWS	Brahmababa	Registered	9		5/4/11	New	Lift	331	1,736	13,624,982	On-going
				212	Hariyalil DWS	Hariyali	Registered	5		2/4/11	New	Lift	94	510	4,002,967	Completed
				213	Kotiyamai DWS	Kotiyamai	Registered	4		4/4/11	New	Lift	259	1,866	12,528,473	On-going
				214	Sorauli DWS	Sorauli	Registered	5		19/05/2010	New	Lift	127	693	1,987,152	Completed
		27	Silautiya	215	Fulwariya DWS	Fulbariya	Registered	6		24/06/2011	New	Lift	96	665	3,965,752	On-going
				216	Silautiya DWS	Silautiya	Registered	1		25/06/2011	New	TW	277	1,811	719,342	Completed
6	Syangja	28	Alamadevi	217	Aarkhordi Ka BHu Pu WSSP	Aarkhordi "ka"(bhu pu)WSSP	Registered	3		12/2/12	New	Gravity	164	905	2,383,364	Completed
				218	Aarkhordi KHA WSSP	Aarkhordi KHA WSSP	Registered	3		12/2/12	New	Gravity	87	501	1,508,735	Completed
				219	Dumaikhola DWS	Dumaikhola	Registered	9	6,7,8	1/1/11	New	Lift	311	2,010	17,219,842	Completed
				220	Kukhure DWS	Khukhure	In Process	1		12/2/12	New	Gravity	117	444	1,149,152	Completed
		29	ChandiBhanjyang	221	Bariradi DWS	Bairadi DWS	Registered	6		26/07/2012	New	Gravity	18	90	290,829	Completed
				222	Birendra P S(Ritu Khola)DWS	Birendra PS(Ritu Khola)	Registered	7	7	9/5/11	New	Gravity	-	-	169,134	Completed
				223	Jaruwa Khola Lifting DWS	Jaruwa Khola Lifting	Registered	3	1,2,3,6,7, 9	24/01/2011	New	Lift	371	2,505	18,196,856	On-going
				224	Khaltepane DWS	Kholte Pani	Registered	8		21/02/2011	New	Gravity	21	96	361,000	Completed
				225	Kholte DWS	Kholte Pani	Registered	8		21/02/2011	New	Gravity	37	237	251,876	Completed
				226	Phedi DWS (WSP)	Phedi WUSC (WSP)	Registered	2	2	10/5/11	Rehabilitation	Gravity	16	91	71,964	Completed
				227	Pyugha DWS	Birendra PS(Ritu Khola)	Registered	7	7	9/5/11	Rehabilitation	SI	125	540	207,221	On-going
		30	Chitrebhanjyan	228	Dharam pani WSS	Dharam Pani	In Process	6		22/02/2011	New	Gravity	31	183	91,474	Completed
				229	Dhaukhani Grihakot WSS	Dhaukhani Grihakot	Registered	3	2,4,5	11/7/11	New	Lift	318	2,086	18,434,076	Completed
		31	KewareBhanjyang	230	Bankatta DWS	Bankatta	Registered	1		14/04/2009	New	Lift	135	722	3,101,174	Completed
				231	Khalukagaira DWS	Khalukagaira DWS	Registered	9		15/01/2012	New	Lift	58	392	2,647,580	On-going
				232	Sapaudi DWS	Sapaudi	Registered	4		13/07/2011	New	Lift	108	649	4,610,925	On-going
				233	Tapke DWS	Tapke	Registered	2		13/05/2009	New	Lift	151	1,208	2,873,762	Completed
		32	Kyakmi	234	Ale Thok DWS	Purkot RWH	Registered	1		21/05/2010	New	Gravity	38	192	351,063	On-going
				235	Alethok DWS	Aalethok	In Process	5		28/03/2012	New	Gravity	28	192	975,176	Completed
				236	Amalabhanjyang DWS	Amalabhanjyang	In Process	4		11/4/11	New	Gravity	31	194	1,247,342	Completed
				237	Dadakhani DWS	Dandakhani	In Process	1		28/03/2012	New	Gravity	45	273	1,627,479	Completed
				238	Dagdi DWS	Dagdi	Registered	9	1,2	11/4/11	New	Gravity	56	410	2,234,237	Completed
				239	Dandakhani 1 DWS	Purkot RWH	Registered	1		21/05/2010	New	Gravity	54	273	1,627,479	On-going

Sn.	District Name	Sn.	VDC Name	Sn.	Schemes Name	WUSC Name	WUSC Registration	Ward No	Additional Wards Covered	Work Start Date	Nature of Scheme (New or Rehab.)	Scheme Type	Beneficiary HHs	Beneficiary Population	Estimated Total Scheme Cost in NPR	Implementation Status as of July 2013
				240	Kamausa A DWS	Kamausa A Saunetari	Registered	5		21/12/2010	New	Gravity	11	100	485,143	Completed
				241	Kamausa B DWS	Kamausa B Barbate	Registered	5		14/02/2011	New	Gravity	18	125	548,552	Completed
				242	Kamausa C DWS	Kamausa C Belswara	Registered	5		13/02/2011	New	Gravity	16	101	383,305	Completed
				243	Kutumsa A DWS	Kutumsa A DW/S	Registered	6		25/12/2010	New	Gravity	60	580	3,193,952	Completed
				244	Purkot DWS	Purkot RWH	Registered	1		21/05/2010	New	RWH	51	395	3,176,118	Completed
				245	Purkot DWS (Water Safety)	Purkot RWH	Registered	1		21/05/2010	New	RWH	25	161	107,796	Completed
				246	Alaichhe DWS	Alaichhe	Registered	5	3, 4 and 6	27/02/2010	Rehabilitation	Gravity	194	1,288	7,189,224	Completed
				247	Badanda DWS	Baddanda	Registered	7		12/6/09	New	Gravity	31	183	1,004,795	Completed
				248	Dharapani DWS	Dharapani	Registered	8		13/07/2011	New	Gravity	39	306	1,528,828	Completed
				249	Gothadi DWS	Gothadi	Registered	7	9	2/3/10	New	Gravity	128	776	2,442,575	Completed
				250	Jaubari Tangle DWS	Jaubari Tangle	Registered	2		7/6/09	Rehabilitation	Gravity	54	587	3,185,556	Completed
		33		251	Jhakrepani DWS	Jhakrepani Kha	In Process	6	8	13/07/2011	New	Gravity	157	827	5,218,230	Completed
				252	Kusunde DWS	Kusunde	In Process	3		13/07/2011	New	Gravity	65	393	2,310,365	Completed
				253	Murtichaur DWS	Murtichaur	Registered	8		3/3/10	New	Gravity	25	152	1,072,574	Completed
				254	Pipalchhap DWS	Pipalchhap	Registered	9		28/02/2010	New	Gravity	50	294	2,286,591	Completed
				255	Samakot DWS	Samakot	Registered	2		9/6/09	Rehabilitation	Gravity	35	307	1,455,628	Completed
			Sakhar	256	Tarkeni DWS	Tarkeni	Registered	1		1/3/10	Rehabilitation	Gravity	78	555	1,969,535	Completed
				257	Bangradi DWS	Bangradi	Registered	3	3	26/06/2009	New	Gravity	22	155	1,703,230	Completed
				258	Bhurung thung	Bharungthung Water Safety Plan	Registered	5	5	2/5/11	New	Gravity	5	27	91,771	Completed
				259	Birdanda Ghadada DWS	Birdada Gahadada	Registered	6	6	3/12/11	New	Gravity	34	244	1,876,466	Completed
				260	Ganjar School DWS	Ganger Vidyalaya	Registered	4	4	13/07/2011	New	Gravity	21	151	934,048	Completed
				261	Ghur Pal DWS	Ghurpal DWS	Registered	1	1	28/03/2012	New	Gravity	69	395	673,002	Completed
				262	Hulmadi Khasa	khasa DWS	In Process	2		14/06/2012	New	Gravity	45	222	920,387	Completed
				263	Jalukeni	Jalukani	Registered	3	3	15/06/2010	New	Gravity	91	597	3,391,697	Completed
		34		264	Kamti DWS	kamti	Registered	6	6	25/06/2010	New	Gravity	70	514	3,037,930	Completed
				265	Khani Gaun DWS	Khani gaun	Registered	7	7	9/5/09	New	Gravity	71	561	1,848,768	Completed
				266	Phara DWS	Phara	Registered	6	6	9/6/09	New	Gravity	41	335	761,475	Completed
				267	Ramali Dharadi School DWS	Ramali Dharadi	Registered	7	7	13/07/2011	New	Gravity	17	163	810,813	Completed
				268	Ramdanda DWS	Ramdada	Registered	5	5	15/06/2010	New	Gravity	54	338	973,008	Completed
				269	Sandhi Moundada DWS	Shandhi Moundada	Registered	5	5	25/03/2010	New	Gravity	17	119	546,108	Completed
				270	Satdobata Hatya DWS	Satdobata Hatya	In Process	9		3/2/12	New	Gravity	57	237	815,602	Completed
			Sekham	271	Sim Madhana GairaDWS	Sim Madhana Gaira	Registered	4	4	25/07/2010	New	Gravity	85	372	1,846,586	Completed
				272	Aapkhola	Aapkhola	Registered	9		7/4/12	New	Gravity	55	275	979,137	Completed
				273	Barepani DWS	Barepani	Registered	5		29/05/2011	New	Gravity	16	87	352,292	Completed
				274	Bhirmuni DWS	Bhirmuni WUSC	Registered	4		28/05/2011	Rehabilitation	Gravity	61	307	227,626	Completed
				275	Chhatibane DWS	Chhatimane	Registered	5		19/07/2011	Rehabilitation	Gravity	178	890	712,225	Completed
7	Tanahun	35	Barbhanjyang	276	Dharapani Gairathok-7 DWS	Dharapani Gairathok-7	Registered	7		23/05/2010	New	Lift	58	315	2,451,023	Completed
				277	Dharapani Maidanthar-3 DWS	Dharapani Maidanthar-3	Registered	3		23/05/2010	New	Lift	64	344	2,425,351	Completed
				278	Jaljale DWS	Jaljale	Registered	4		12/7/11	Rehabilitation	Gravity	19	203	419,657	Completed
				279	Kafalswara DWS	Kafalswara	Registered	2		2/7/11	New	Lift	64	344	2,659,878	Completed
				280	Koirala Pandhero DWS	Koirale Pandhero	Registered	5		17/04/2011	New	SI	30	128	151,431	Completed

Sn.	District Name	Sn.	VDC Name	Sn.	Schemes Name	WUSC Name	WUSC Registration	Ward No	Additional Wards Covered	Work Start Date	Nature of Scheme (New or Rehab.)	Scheme Type	Beneficiary HHs	Beneficiary Population	Estimated Total Scheme Cost in NPR	Implementation Status as of July 2013
				281	Nabarung Devi DWS	Nabarung DeVi	Registered	5	6,7,8,9	6/5/10	New	Lift	200	1,200	7,927,488	Completed
				282	Nagnagini	Nagnagini	Registered	7		22/02/2012	New	Lift	77	350	2,210,657	On-going
				283	Thulodhunga DWS	Thulodhaunga	Registered	4		22/06/2010	New	Gravity	35	197	667,620	Completed
		36	Bhirkot	284	Banskhola DWS	Banskhola	Registered	1		20/03/2011	New	Lift	188	1,083	5,293,662	Completed
				285	Bhedakhola DWS	Bhedakhola	Registered	2		6/4/11	Rehabilitation	Gravity	62	288	1,315,861	Completed
				286	Bhokaradi DWS	Bhokardi	Registered	6		2/3/11	New	Gravity	36	238	1,384,374	Completed
				287	Gomandi DWS	Gomandi	Registered	8		12/3/11	New	Gravity	74	590	1,083,642	Completed
				288	Handiban DWS	Handiban	Registered	3		6/5/11	New	Gravity	25	140	661,227	Completed
				289	Mulyadi Fedikhola DWS	Mulyadi Fedikhola	Registered	5		14/07/2011	New	Gravity	27	176	909,008	Completed
				290	Nebadi DWS	Nebdi	Registered	9		18/06/2010	New	Gravity	22	222	1,179,022	Completed
				291	Rindi Pandhero DWSS	Rindi Pandhero	Registered	9		12/6/12	New	Lift	29	208	1,319,925	On-going
				292	Sanyasitar DWS	Sanyasitar	Registered	1		2/5/09	New	Gravity	33	264	1,206,249	Completed
		37	Ghansikuwa	293	Bangesimal DWSS	Bangesimal	Registered	1		10/3/12	New	Gravity	162	810	1,229,476	On-going
				294	Baspani DWS	Baspani	Registered	4		2/5/12	New	SI	15	85	61,018	Completed
				295	Bhulbhule DWS	Bhulbhule	Registered	1		23/03/2010	New	Gravity	18	98	339,923	Completed
				296	Chhabdi Chisapani DWS	Chhabdi Chisapani	Registered	2		23/06/2010	New	Gravity	37	172	822,845	Completed
				297	Chhabise DWS	Chhabise	Registered	9		4/3/10	New	Gravity	19	223	896,307	Completed
				298	Dharapani DWS	Dharapani	Registered	6		25/05/2010	New	Gravity	45	232	1,221,334	Completed
				299	Kamalbari (Malepahara) DWS	Kamalbari (Malepahara)	Registered	3		23/05/2010	New	Gravity	74	356	587,732	Completed
				300	Khanigaira DWS	Khanigaira	Registered	4		9/6/10	New	Gravity	18	97	478,906	Completed
				301	Khoriyapani Kuwa	Khoriyapani SI	Registered	7		11/6/11	New	SI	12	72	24,686	Completed
				302	Panirdhara DWS	Panirdhara	Registered	9		13/07/2011	Rehabilitation	Gravity	-	-	83,928	Completed
				303	Tallo Dharapani DWS	Tallo Dharapani	Registered	8		18/04/2010	New	Gravity	137	649	1,226,589	Completed
				304	Thulo Pandhero DWS	Thulo Pandhero SI	Registered	4		24/05/2011	New	SI	25	150	24,686	Completed
		38	Ramjakot	305	Chisapani Barhabise DWS	Barhabise chisapani	Registered	8	0	1/6/10	New	Gravity	11	79	387,122	Completed
				306	Jarpani SI	Jarpani SI	Registered	9		27/04/2011	New	SI	11	54	79,253	Completed
				307	Madane Kholsi DWS	Madane Kholsi	Registered	1		23/05/2010	New	Gravity	23	163	877,651	Completed
				308	Sindure Kholsi DWS	Sindure Kholsi	Registered	5	8	1/6/10	New	Gravity	89	533	2,427,552	Completed
				309	Siradi DWS	Siradi DWS	Registered	1		28/05/2010	New	Gravity	14	110	508,708	Completed
				310	Tallo Suksal DWS	Tallo Suksal	Registered	7	0	15/06/2010	New	Gravity	28	249	836,018	Completed
		29	Sambhungbhagwati	311	Chhangadi Siplung DWS	Chhangadi Siplung	Registered	1	9	11/4/09	New	Gravity	104	673	2,437,380	Completed
				312	Dharapani DWS	Dharapani	Registered	2		9/7/10	New	Gravity	24	165	736,739	Completed
				313	Dhodeni DWSS	Dhodeni	Registered	3		8/6/12	New	Gravity	22	196	760,082	On-going
				314	Gannapur DWS	Gannapur	Registered	2		15/05/2010	New	Gravity	18	138	688,068	Completed
				315	Khaharekholsi DWS	Khaharekholsi	Registered	4		15/12/2010	New	Gravity	83	781	1,153,938	Completed
				316	Khaltekholsi DWS	Khaltekholsi	Registered	8		11/6/10	New	Gravity	30	174	760,347	Completed
				317	Mandatar DWS	Mandatar	Registered	9		22/03/2011	New	Gravity	23	132	1,204,058	Completed
				318	Manfa DWS	Manfa	Registered	6		22/03/2011	New	Gravity	26	216	790,948	Completed
				319	Namdi Budhakot DWS	Namdi Budhakot	Registered	1		20/03/2009	New	Gravity	95	573	2,396,606	Completed
				320	Pairan DWS	Pairan	Registered	5		28/04/2010	New	Gravity	16	119	485,806	Completed
				321	Tallo Balsigaunda DWS	Tallo Balsigaunda	Registered	4		3/5/10	New	Gravity	49	345	645,933	Completed
				322	Yorde DWS	Yorde	Registered	2		8/3/11	New	Gravity	7	68	324,446	Completed
		40	Thaprek	323	Bhaterkharka DWS	Bhaterkharka Kuwa	Registered	4		7/1/10	New	SI	33	122	59,400	Completed
				324	Bilaunepani	Bilaunekhola	Registered	3	4	28/11/2011	New	Lift	118	578	4,283,268	On-going

Sn.	District Name	Sn.	VDC Name	Sn.	Schemes Name	WUSC Name	WUSC Registration	Ward No	Additional Wards Covered	Work Start Date	Nature of Scheme (New or Rehab.)	Scheme Type	Beneficiary HHs	Beneficiary Population	Estimated Total Scheme Cost in NPR	Implementation Status as of July 2013
					DWSS											
				325	Dharmaswara Kuwa DWS	Dharmaswara Kuwa	Registered	3		7/2/10	New	SI	15	58	59,400	Completed
				326	Dhobidanda Judikhet DWS	Dhobidanda Judikhet	Registered	1	2	30/06/2010	New	Gravity	38	231	942,766	Completed
				327	Makaimro DWS	Makaimro	Registered	5	6,7,8,9	13/04/2012	New	Lift	265	1,685	11,827,309	Completed
	Total	40		327									18,445	115,856	503,264,639	

Source: Rural Water Supply and Sanitation Project in Western Nepal, Departmet of Local Infrastructure and Agricultural Road, the Government of Nepal

Appendix III: List of Service Providers used by DDCs

Sn.	SPs	Districts								Total VDC covered by SP services	Intervie wed SPs
		Baglung	Kapilvas tu	Nawalpara shi	Parbat	Pyuthan	Rupan dehi	Syangja	Tanah un		
1	Andha Andhi Community Development Centre, Syangja							1		1	1
2	ASK-Nepal							1		1	1
3	BISBAS							1		1	
4	Bishwa Dristi VISION		1							1	
5	CeCRED Nepal				1					1	1
6	Chautarfi Development Resource Forum Nepal				1					1	1
7	CODEF (Community Development Forum)					3			1	4	
8	CRCD Butwal Rupandehi						1			1	
9	CRDS Rupandehi						1			1	
10	Dhaulagiri Community Resource Development Center, Baglung	1								1	
11	Dipjyoti Youth Club Baglung	1								1	
12	ETA (subsidiary of Integrated Development Society)					2				2	
13	FIRDO					1				1	
14	Forum For Social Welfare Baglung	1								1	
15	Gaja Youth Club Baglung	1								1	
16	Integrated Development Society (IDS)					1				1	1
17	Indreni Rural Development Centre		1				1			2	1
18	Local Infrastructure Development Organization Nepal		1							1	
19	Milijuli Bikas Baglung	1								1	
20	NCCDC				1					1	
21	Nepal Red Cross Society, Tanahun								1	1	1
22	Nepal Red Cross Society, Syangja.							1		1	
23	NESDO Nepal				1					1	1

#	Service Provider									Total	
24	Nepal Red Cross Society, Rupandehi					1				1	1
25	RSN					1				1	
26	Rural Area Development Programme								1	1	
27	Rural Development AS Parbat				1					1	
28	Siddhartha Social Development Centre JV		1							1	
29	Siswa Community Development Centre		1							1	
30	Social Development and Research Centre		1	1						2	1
31	Society For Social Development Project								1	1	1
32	Swarnim Community And Development			1						1	1
33	Tanahun Service Committee								1	1	
	Total	5	6	2	5	8	4	4	5	39	12

Note:

Highligted are the Service Providers inducted for the survery questionnaire and interview.

Appendix IV (a): Survey questionnaire-District Development Committee

Note:

The sub-question related to the "treated agreement" was not used because the agreements that were made by the DDCs with WUCs were found the same as normal agreements during the investigation.

Research Participation Consent and Information Form

Survey Questionnaire for District Development Committee's Officials

Title of the Study:

"Service Delivery and Accountability"

Fair Processing Statement:

This information is being collected as part of a research project concerned with test and explores service delivery and accountability relationship framework between/among the District Development Committees, Water Users' Committees and Service Providers in the rural drinking water supply of Nepal by the International Development Department of the University of Birmingham. The information which you supply and that which may be collected as part of the research project will be entered into a filing system or database and will only be assessed by authorised personnel involved in the project. The information will be retained by the University of Birmingham and will only be used for the purpose of research, and statistical and audit purposes. By supply this information you are consenting to the University storing your information for the purposes stated above. The information will be processed by the University of Birmingham in accordance with the provisions of the Data Protection Act 1998. No Identifiable personal data will be published.

Statement of understanding/consent:

- I confirm that I have read and understand the participant information leaflet for this study. I have had the opportunity to ask questions if necessary and have had these answered satisfactorily.

- I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason. If I withdraw my data will be removed from the study and will be destroyed.

- I understand that my personal data will be processed for the purposes detailed above, in accordance with the Data Protection Act 1998.

- Based upon the above, I agree to take part in this study.

Name, signature and date:

Name of Participant................................. Date.......................... Signature...............................

Name of Researcher/individual
obtaining consent... Date.......................... Signature................................
email address : [redacted]   Mobile: [redacted]

A copy of the signed and dated consent form and the participant information leaflet should be given to the participant and retained by the researcher to be kept securely on file.

Survey Questionnaire for District Development Committee's Officials

The set of questions presented below are objected to assess the opinion of the District Development Committee's Official who was directly involved as an authority to approve, monitor, supervise and sanction the agreements that were made with the Water Users' Committee and Service Provider under both situations i.e. normal without treated and with treated of enhanced agreement. The questionnaire attempts to understand the perception of the official on how the agreements are structured and implemented.

The answer to the question can be of multiple but it is the best for the respondent to answer the most correct ones under two situations.

Meaning:
DDC = District Development Committee
WUC = Water Users' Committee
SP = Service Provider
VDC = Village Development Committee
Treated = Enhanced modified agreement with the involvement of service provider
Normal = Traditional usual agreement with the involvement of service provider

Personal

1.1 Designation: _____

1.2 Service year in the present office: _____ years

1.3 Working District: _____

2 Nature of Agreements

Types of the agreements made by DDC with other parties (WUCs, SPs, and VDCs) were of...

(Tick "v" the appropriate one under two programmes, RWSSP-WN and RWSS. One programme can have more than one nature of agreement)

	Normal	Treated
2.1 Single agreement with WUCs only		
2.2 Joint agreement with WUCs and SPs		
2.3 Joint agreement with DDC, VDCs, WUCs and SPs		

3 Origination of Agreements

How did the agreements originate? Are they through...

(Tick "v" the appropriate ones under two programmes, RWSSP-WN and RWSS. One programme can have more than one nature of agreement)

	Normal	Treated

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3.1 Open competitive bidding

3.2 Quotation

3.3 Negotiation

3.4 If through any other process, please mention it.

4 Contents of Agreements

This section deals with the questions related to the contents of agreements that contain the terms and conditions, and many other provisions/clauses made in the agreements for execution.

It is believed that a well-structured agreement offers better scope and chance for successful implementation of agreements given the fact that both parties are capable enough to execute it.

4.1 In general, the implementation of terms and conditions laid in the agreements were:

4.1.1 Treated agreement with WUCs   (Tick "√" one)

Easy	Somewhat easy	Somewhat not easy	Not easy	Don't know

4.1.2 Normal agreement with WUCs   (Tick "√" one)

Easy	Somewhat easy	Somewhat not easy	Not easy	Don't know

4.1.3 Treated agreement with SPs   (Tick "√" one)

Easy	Somewhat easy	Somewhat not easy	Not easy	Don't know

4.2 The tasks, roles and responsibilities provisioned in the agreements were:

4.2.1 Treated agreement with WUCs   (Tick "√" one)

Clear and adequate	Clear	Partly clear	Not clear	Don't know

4.2.2 Normal agreement with WUCs   (Tick "√" one)

Clear and adequate	Clear	Partly clear	Not clear	Don't know

4.2.3 Treated agreement with SPs   (Tick "√" one)

Clear and adequate	Clear	Partly clear	Not clear	Don't know

4.3 Deliverables/ outputs/ targets set for the works/assignments in the agreements were :

4.3.1 Treated agreement with WUCs   (Tick "√" one)

Clear and adequate	Clear	Partly clear	Not clear	Don't know

4.3.2 Normal agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.3.3 Treated agreement with SPs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.4 Time durations for tasks/ activities (e.g. time bound action plan for implementation and deliverables) stated out in the agreements were...

4.4.1 Treated agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.4.2 Normal agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.4.3 Treated agreement with SPs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.5 Financial provisions (mode of payment/disbursement, payment time, approval procedure...) stated out in the agreements were...

4.5.1 Treated agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.5.2 Normal agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.5.3 Treated agreement with SPs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.6 Work progress reporting (formats, channels, levels, time and frequency) provisions stated out in the agreements were...

4.6.1 Treated agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.6.2 Normal agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.6.3   Treated agreement with SPs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.7 Arbitration provisions (for non-compliance of agreements) stated out in the agreements were...

4.7.1   Treated agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.7.2   Normal agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.7.3   Treated agreement with SPs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.8 Enforcement provisions in case of failure to comply the terms and conditions stated out in the agreements were...

4.8.1   Treated agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.8.2   Normal agreement with WUCs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.8.3   Treated agreement SPs   *(Tick "√" one)*

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

4.9 Lastly, did you find any room for improvement in the contents (terms and conditions, provisions, clauses etc.) of the agreements?

4.9.1   Treated agreement   *(Tick "√" one)*

Yes ☐   No ☐

4.9.2   If yes, what would be the areas of improvement in the contents of agreement with both WUCs and SPs? Please specify in brief.

4.9.3   **Normal agreement**   *(Tick "√" one)*

Yes [   ]   **No** [   ]

4.9.4   **If yes, what would be the areas of improvement in the contents of agreement? Please specify in brief.**

- -
- -
- -
- -
- -
- -
- -
- -

5. Implementation of Agreement

(The investigator will ask respondent to provide his/her opinion on the implementation status of the agreements under two situations, i.e. the enhanced agreement involving service provider and normal agreement after assessing their results for the period of 2009 to 2012 (4 years). The questions seek if the agreements are failed to conclude successfully then why they failed.)

5.1 What is your opinion on the implementation of the agreements with two and three parties under two situations?

_____
_____
_____
_____

5.2 If the agreements made by DDC with WUCs and SPs were unsuccessfully concluded or withheld for more than stipulated agreed time frame then what could be the reasons for this?

5.2.1 Is it because of the agreements that were poorly structured in terms of (*Tick "√" more than one if you believe so*)

- Roles and responsibility of the actors (DDC,WUSCs and SPs) involved in   __
- Activities and tasks to be carried out by DDC,WUSCs and SPs   __
- Outputs and deliverables to be produced by WUCs and SPs   __
- Action plans of activities with time duration and resource of WUCs and SPs   __
- Financial terms and conditions for payment to WUCs and SPs   __
- Monitoring and supervision of WUCs and SPs   __
- Reporting channels and contents between DDC , WUCs and SPs   __
- Incentive provisions for performance and results of WUCs and SPs   __
- Enforcement and compliance mechanism to enforce agreement   __
- Arbitration provisions to solve the disputes   __
- Other, if any _____

5.2.2   DDC could not monitor and supervise the agreements properly and timely due to

- Lack of knowledge on how to do it by DDC   __
- Lack of human resource to do it in DDC   __
- Lack of trained human resource in DDC to do it   __

- Lack of funds to monitor the agreements by DDC   __
- Weak supervision and monitoring mechanism of DDC   __
- Ignorance to monitor and supervise   __
- Other, if any _____

5.2.3   DDC could not meet financial obligation in time due to

- Poor financial plan (inadequate budget and cash flow) of DDC   __
- Cumbersome financial approval procedure of DDC   __
- Fail to comply with financial norms by WUCs   __
- Undue internal and external pressure exerted by DDC officials   __
- Other, if any _____

5.2.4   DDC failed to enforce the agreement due to

- Lack of sense of responsibility of DCC officials   __
- Lack of adequate authority to enforce by DDC   __
- Undue internal and external pressure to enforce agreement   __
- Other, if any _____

5.3   There are capacity constraints on the part of WUCs and SPs to implement the agreement. If it is so then please briefly mention what are those capacity constraints.

_____
_____
_____
_____
_____
_____
_____

6   Do you have any suggestions for the improvement of the implementation of agreement for effective service delivery?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

<<<<<End of Questions >>>>>

Appendix IV (b):Survey questionnaire-Service Provider

Survey Questionnaire for Institutional Service Provider

Research Participation Consent and Information Form

Title of the Study:

"Service Delivery and Accountability"

Fair Processing Statement:

This information is being collected as part of a research project concerned with test and explores service delivery and accountability relationship framework between/among the District Development Committees, Water Users' Committees and Service Providers in the rural drinking water supply of Nepal by the International Development Department of the University of Birmingham. The information which you supply and that which may be collected as part of the research project will be entered into a filing system or database and will only be assessed by authorised personnel involved in the project. The information will be retained by the University of Birmingham and will only be used for the purpose of research, and statistical and audit purposes. By supply this information you are consenting to the University storing your information for the purposes stated above. The information will be processed by the University of Birmingham in accordance with the provisions of the Data Protection Act 1998. No identifiable personal data will be published.

Statement of understanding/consent:

- I confirm that I have read and understand the participant information leaflet for this study. I have had the opportunity to ask questions if necessary and have had these answered satisfactorily.

- I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason. If I withdraw my data will be removed from the study and will be destroyed.

- I understand that my personal data will be processed for the purposes detailed above, in accordance with the Data Protection Act 1998.

- Based upon the above, I agree to take part in this study.

Name, signature and date:

Name of Participant.................................... Date............................ Signature..............................
Designation...
Name of Organization ....
Address:...

Name of Researcher/individual
obtaining consent.. Date............................ Signature..............................
email [redacted]   Mobile: [redacted]

A copy of the signed and dated consent form and the participant information leaflet should be given to the participant and retained by the researcher to be kept securely on file.

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Survey Questionnaire for Institutional Service Providers

The questions posed below are objected to assess the opinion of the Institutional Service Provider who is directly entered into the service agreement with the District Development Committee (DDC) only or jointly with Water Users' Committee (WUC) and Village Development Committee (VDC) to deliver the technical and capacity building services to Water Users' Committee.

1. Nature of agreement:

1.1 Between two parties (DDC and SP)

1.2 Among three parties (DDC, WUSC and SP)   _____

1.3 Among four parties (DDC, VDC, WUSC and SP)   _____

1.4 Agreement started date: _____

1.5 Agreement completed date: _____

1.6 If not completed then expected date for completion: _____

1.7 Agreement value (in NPR):   _____

2. Origination of Agreements

How did the agreement originate? Is it through...

(Tick "√" one)

2.1 Open competitive bidding

2.2 Quotation

2.3 Negotiation

2.4 If through any other process, please mention it.

3. Contents of Agreements

3.1 In general, the implementation of terms and conditions laid in the agreement were:

(Tick "√" one)

3.1.1 with DDCs

Easy	Somewhat easy	Somewhat not easy	Not easy	Don't know

(Tick "√" one)

3.1.2 with WUCs

Easy	Somewhat easy	Somewhat not easy	Not easy	Don't know

3.2 The tasks, roles and responsibilities provisioned in the agreement were:

(Tick "v"one)

3.2.1   with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "v" one)

3.2.2   with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.3 Deliverables/ outputs/ targets set for the works/assignment in the agreements were:

(Tick "v"one)

3.3.1   with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "v" one)

3.3.2   with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.4 Time durations for tasks/ activities (e.g. time bound action plan for implementation and deliverables) stated out in the agreement were...

(Tick "v"one)

3.4.1   with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "v" one)

3.4.2   with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.5 Financial provisions (mode of payment/disbursement, payment time, approval procedure....) stated out in the agreement were...

(Tick "v"one)

3.5.1   with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "v" one)

3.5.2   with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.6 Work progress reporting (formats, channels, levels, time and frequency) provisions stated out in the agreement were...

(Tick "√"one)

3.6.1   Agreement with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "√" one)

3.6.2   Agreement with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.7 Arbitration provisions (for non-compliance of agreements) stated out in the agreement were...

(Tick "√"one)

3.7.1   with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "√" one)

3.7.2   with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.8 Enforcement provisions in case of failure to comply the terms and conditions stated out in the agreement were...

(Tick "√"one)

3.8.1   with DDCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

(Tick "√" one)

3.8.2   with WUCs

Clear and adequate	Clear	Partly clear	Not clear	Don't know
☐	☐	☐	☐	☐

3.9 Lastly, did you find any room for improvement in the contents (terms and conditions, provisions, clauses etc.) of the agreements?

(Tick "√" one)

Yes ☐   No ☐

3.9.1   If yes, what would be the areas of improvement in the contents of agreement? Please specify in brief.

....
....
....
....
....

....
....
....
....
....
....

4   Implementation of Agreement
Please provide your opinion in terms of the implementation status of the agreement.

4.2 The activities prescribed or planned as per the agreement were (Tick "√" one)
4.2.1   fully implemented   _____
4.2.2   partially implemented   _____
4.2.3   not implemented at all   _____
4.2.4   If partially or not implemented at all, please give the reasons why the activities are partially or not implemented at all. ....
....
....
....

4.3 Financial payment as per the agreement was made (Tick "√" one)
4.3.1   Fully   _____
4.3.2   Partly   _____
4.3.3   Not at all   _____
4.3.4   If the financial payments were made partly or not at all, please give the reasons for this. .....
....
....
....

4.4 The assignment was carried out (Tick "√" one)
4.4.1   in time   _____
4.4.2   delayed_____
4.4.3   If delayed, please give the reasons why the assignment could not be completed in time. ....
....
....
....

4.5 The expected deliverables, targets, outputs were (Tick "√" one)
4.5.1   fully achieved
4.5.2   partially achieved
4.5.3   not achieved at all
4.5.4   If partially or not achieved at all, please give the reasons for partly or not achieved at all. .....
....
....
_____

4.6 How many times did your organization submit the progress report to DDC (Tick "√" one in the box)

0	1	2	3	4	5	6	7	8	9	10	>

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4.7 Had your organization received any comments and feedbacks from DDC on the progress report? (Tick "√" one)

    4.7.1   Yes___

    4.7.2   No   ___

    4.7.3   If yes, what types of comments or feedbacks your organization had received.

    ....

    ....

    ....

    ....

    ....

    ....

4.8 Had your organization faced any dispute during the implementation of agreement? (Tick "√" one)

    4.8.1   Yes___

    4.8.2   No   ___

    4.8.3   If yes, how many disputes had your organization faced? (Tick "√" one in the box)

0	1	2	3	4	5	6	7	8	9	10	>

    4.8.4   Please briefly mention what types of those disputes were.

    ....

    ....

    ....

    4.8.5   Out of those disputes, how many disputes were solved and how many did not and why they did not solve.

    ....

    ....

    ....

4.9 Did DDC give warning to your organization for the delayed implementation of the works? (Tick "√" one)

    4.9.1   Yes___

    4.9.2   No___

    4.9.3   If yes, then in the form of

    4.9.4   Written – how many times? Tick "√" one in the box)

0	1	2	3	4	5	6	7	8	9	10	>

    4.9.5   Verbal – how many times? Tick "√" one in the box)

0	1	2	3	4	5	6	7	8	9	10	>

5.10 Had your organization been penalised for the non-compliance of the agreement (such as delayed in meeting the targets, poor quality of works, inadequate staffing, poor reporting etc...)? (Tick "√" one)

    5.10.1 Yes___

    5.10.2 No___

    5.10.3 If yes, how many times? Tick "√" one in the box)

0	1	2	3	4	5	6	7	8	9	10	>

5.10.4 Please describe the forms (financial, physical work...) of penalties your organization had charged and paid in brief.

....
....
....
_____

5.11 Had your organization been incentivised before or after the completion the assignment in time? (Tick "√" one)

    5.11.1 Yes___

    5.11.2 No___

    5.11.3 If yes, could you please describe what types of incentives were offered to your organization in brief?

....
....
....
_____

5.12 Did you consider that this agreement was successfully concluded?

    (Tick "√" one)

    5.12.1 Yes ___

    5.12.2 No ___

    5.12.3 If no, please give reasons for this in brief.

....
....
....
....
....
....
....
....
....
....
_____

6. Compare with other agreements your organization had implemented in the past how did you find this agreement and its implementation?

_____
_____
_____
_____
_____
_____
_____
_____

<<<<<End of Questions>>>>>

Appendix V: Sample of DDC and WUC Agreement

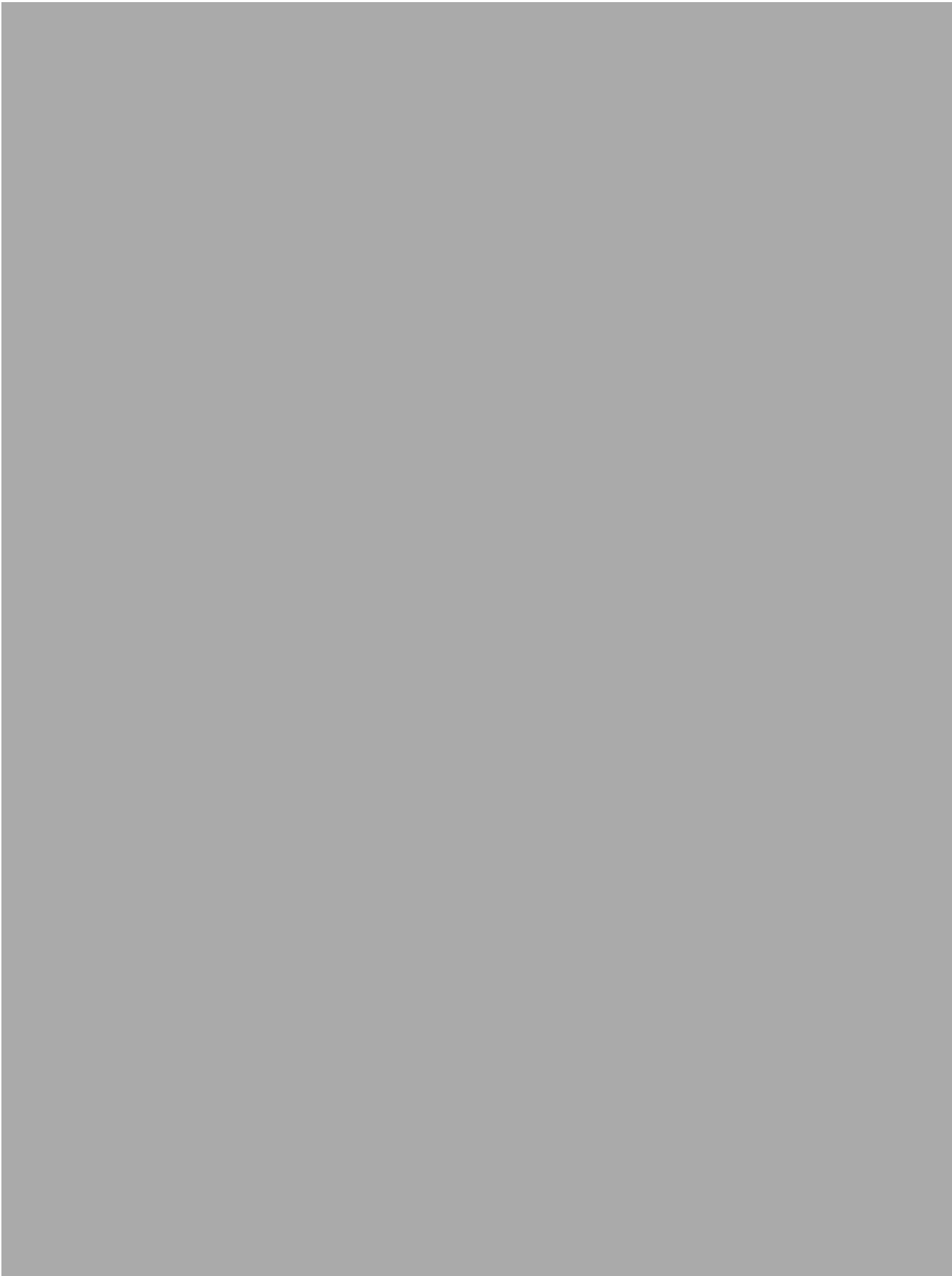(Nepali Version)
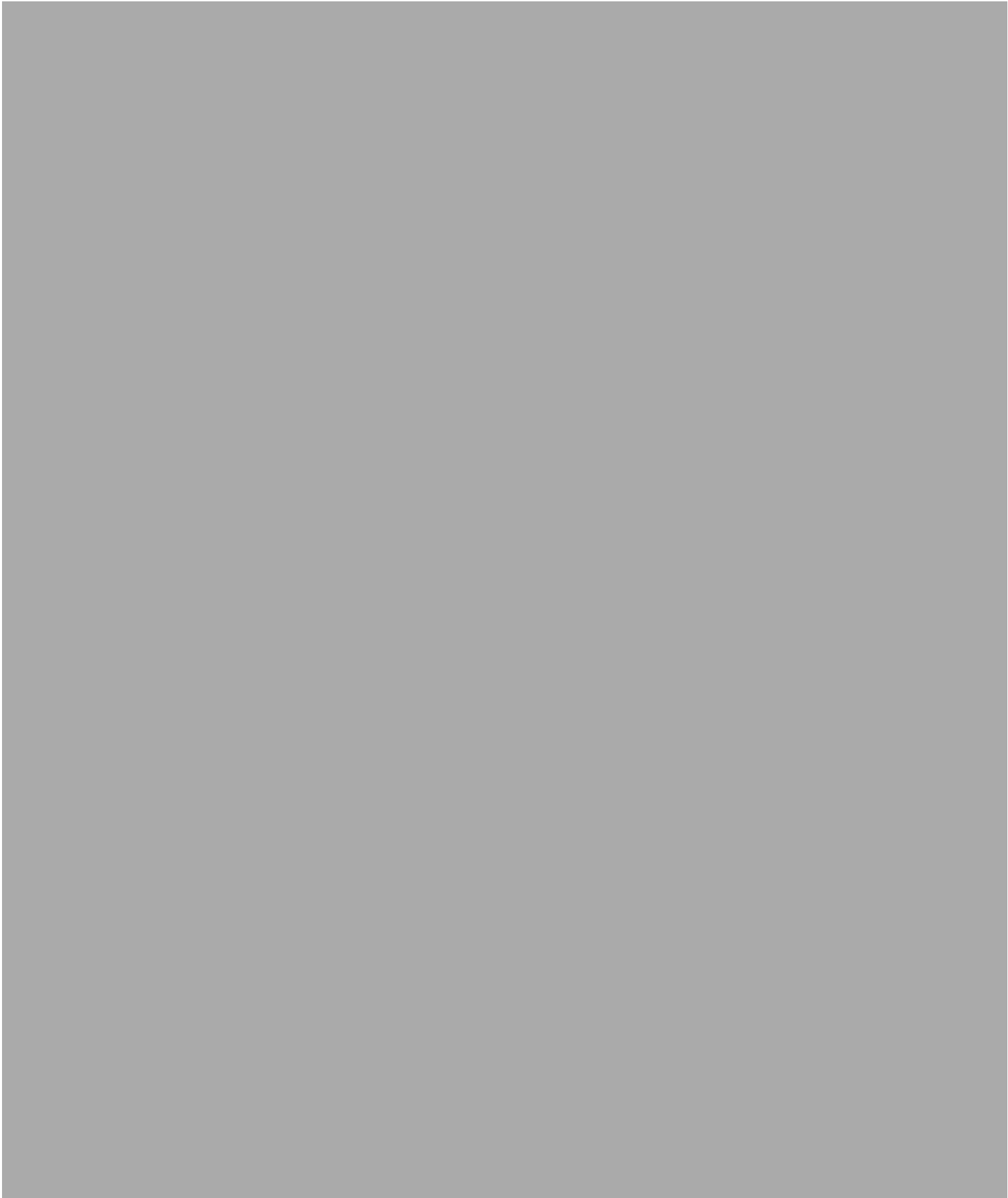
Appendix VI: Sample of DDC and SP Contract
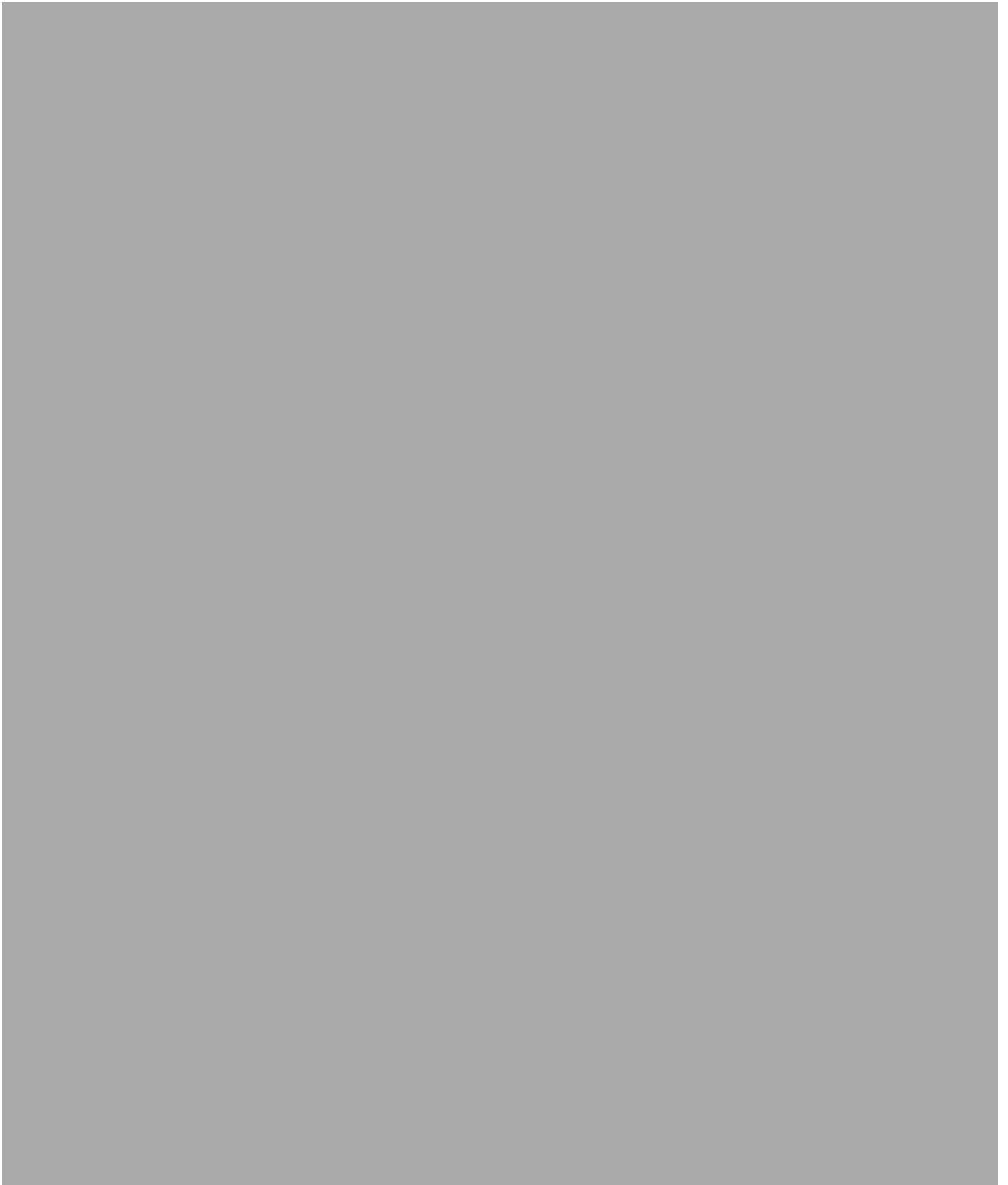
(Nepali Version)

Appendix VI: Sample of DDC and SP Contract
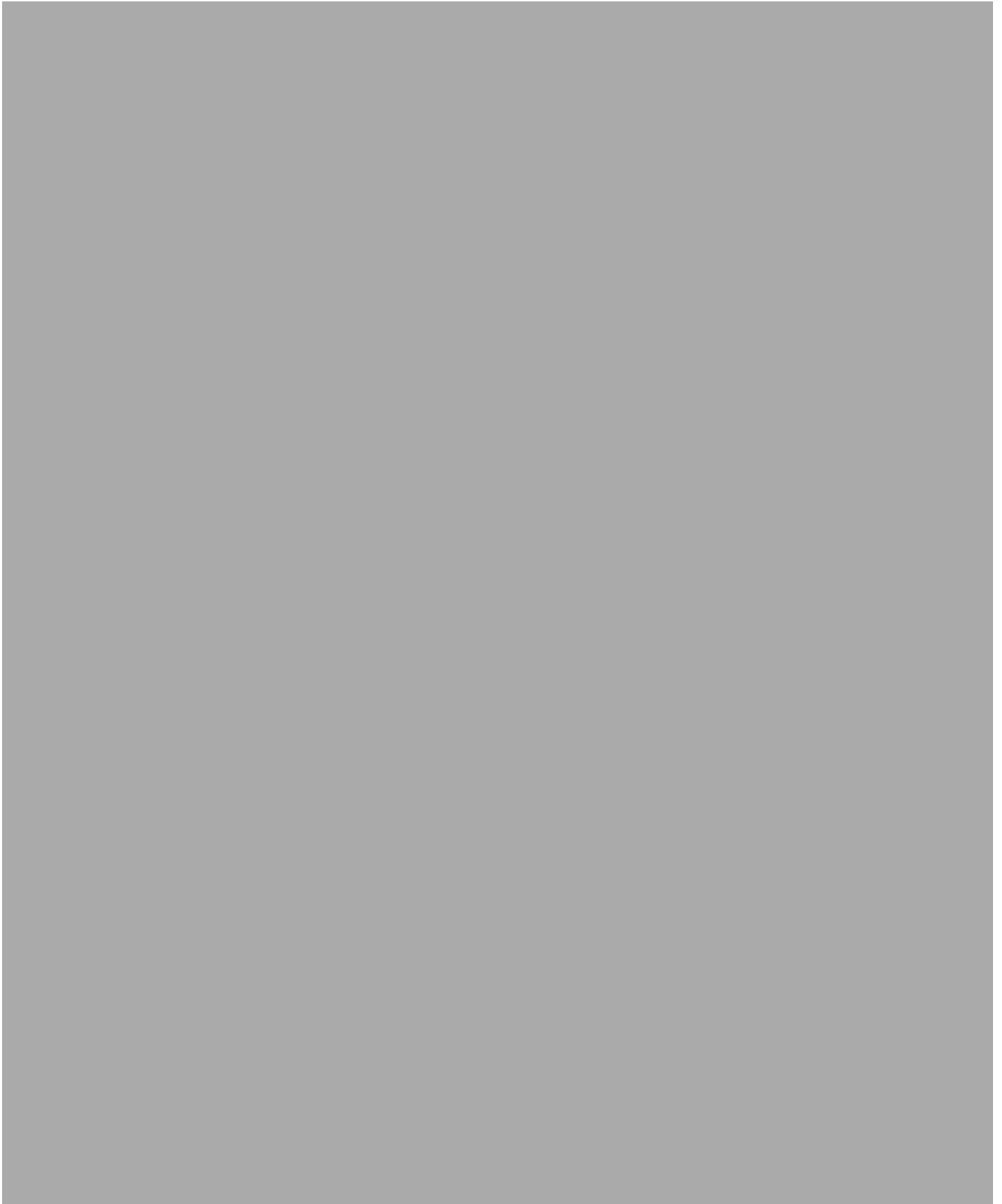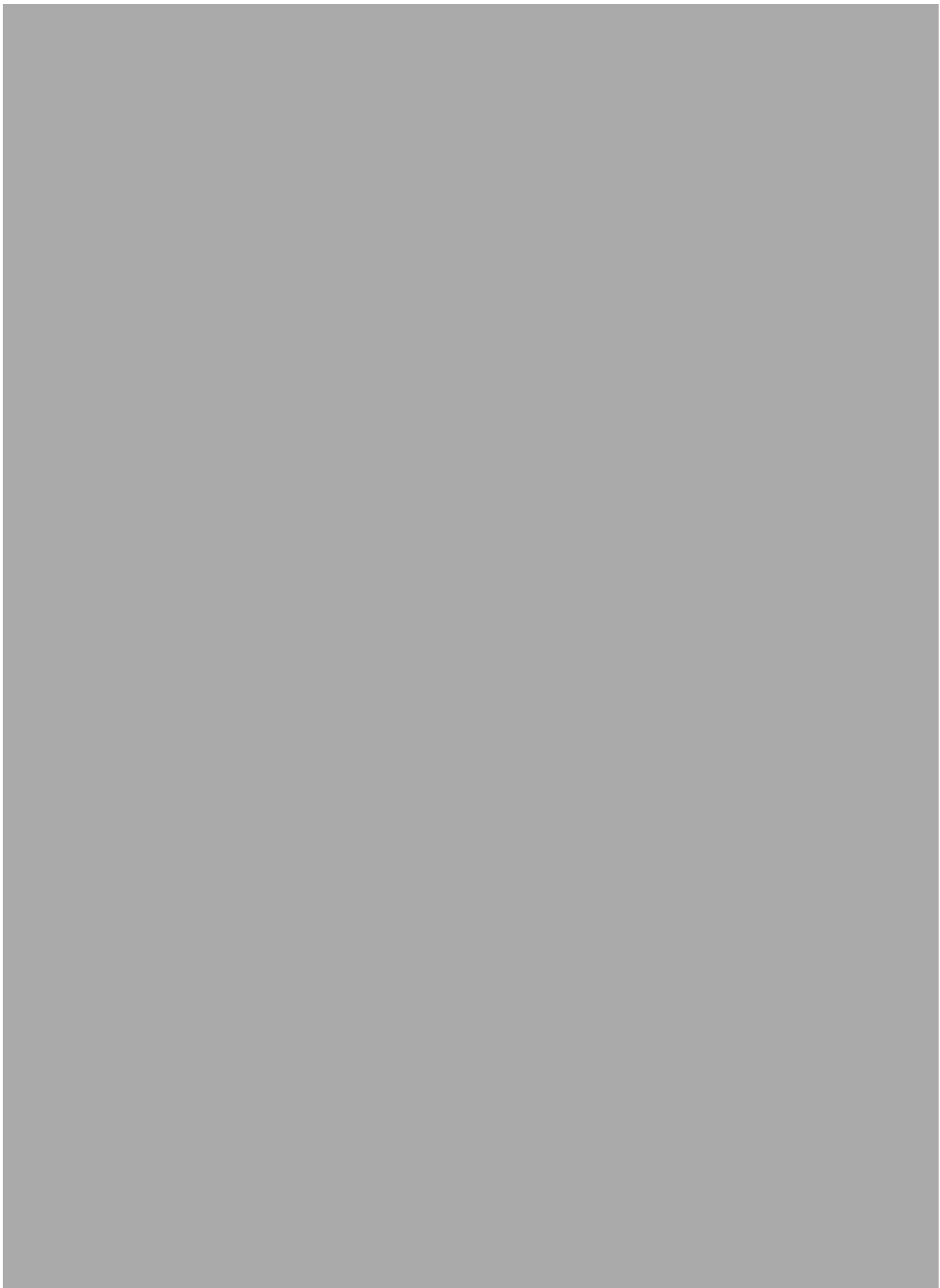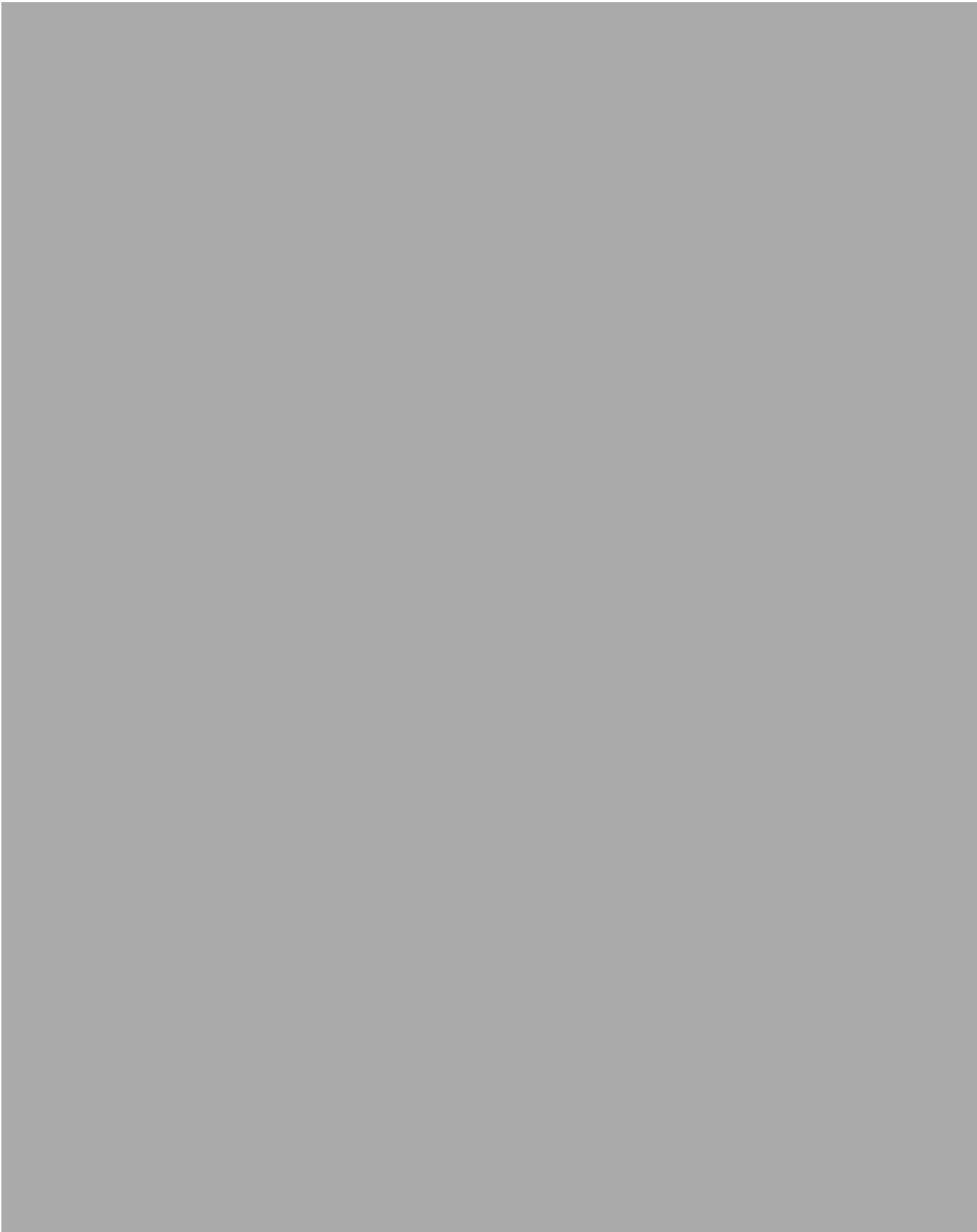
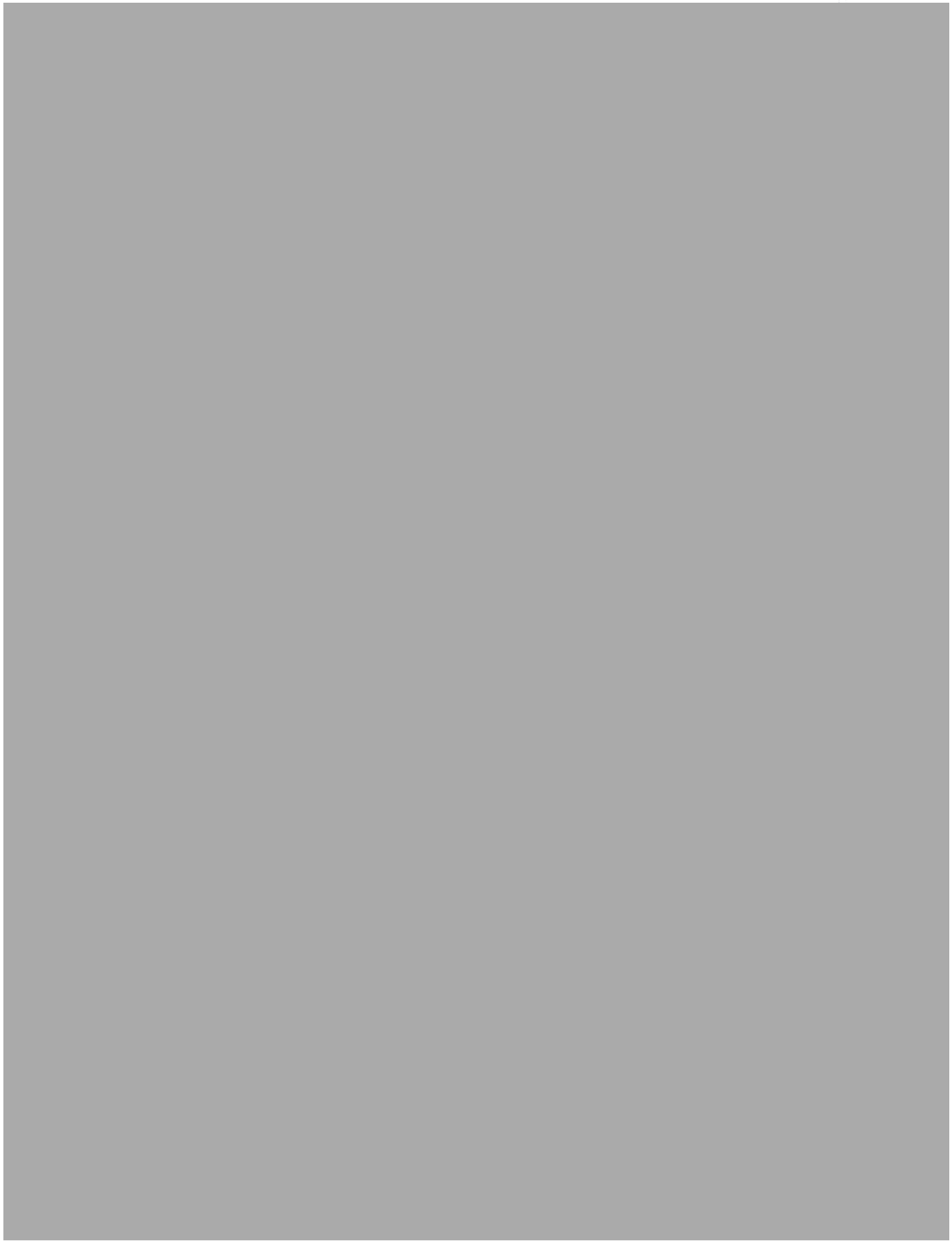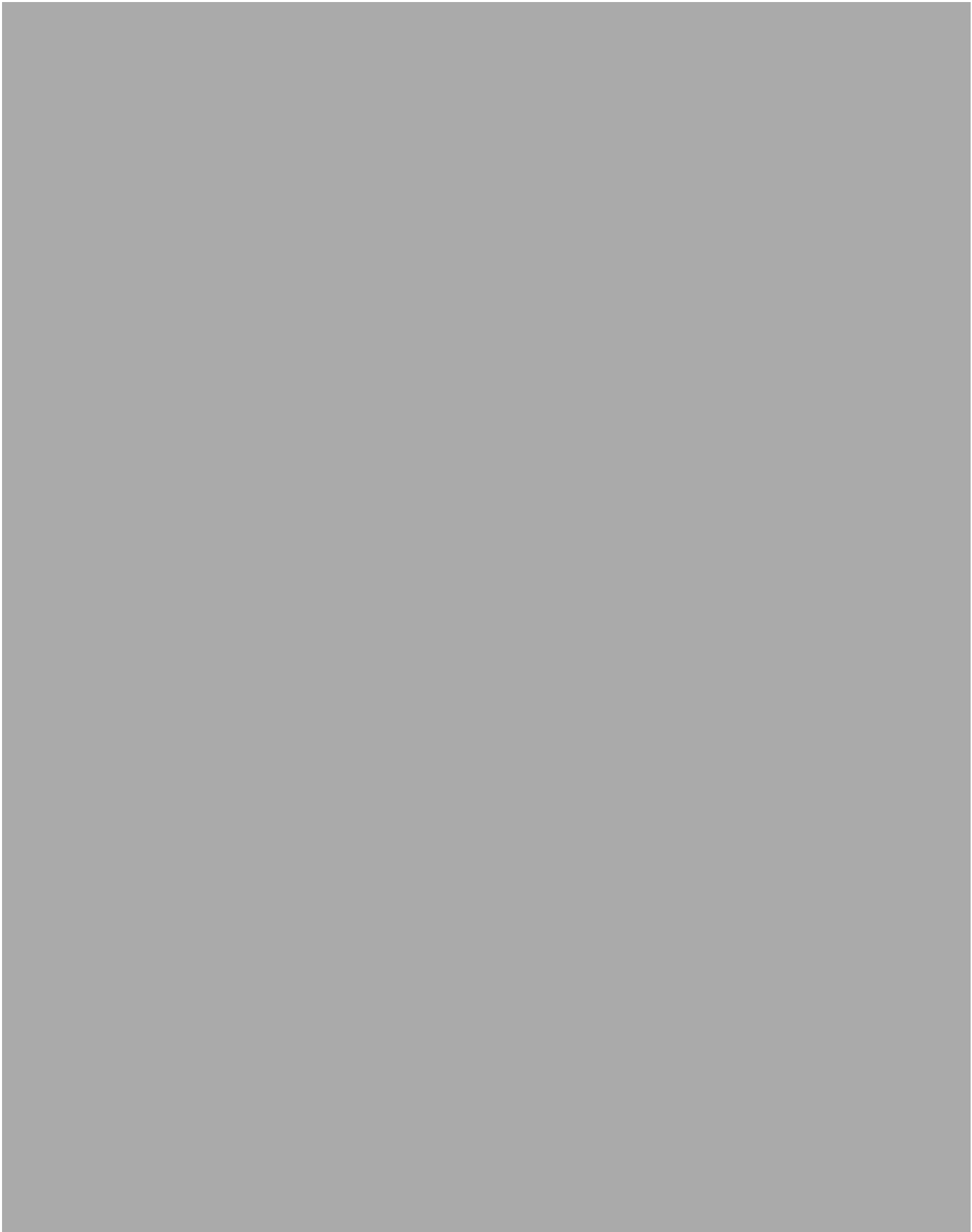(Nepali Version)
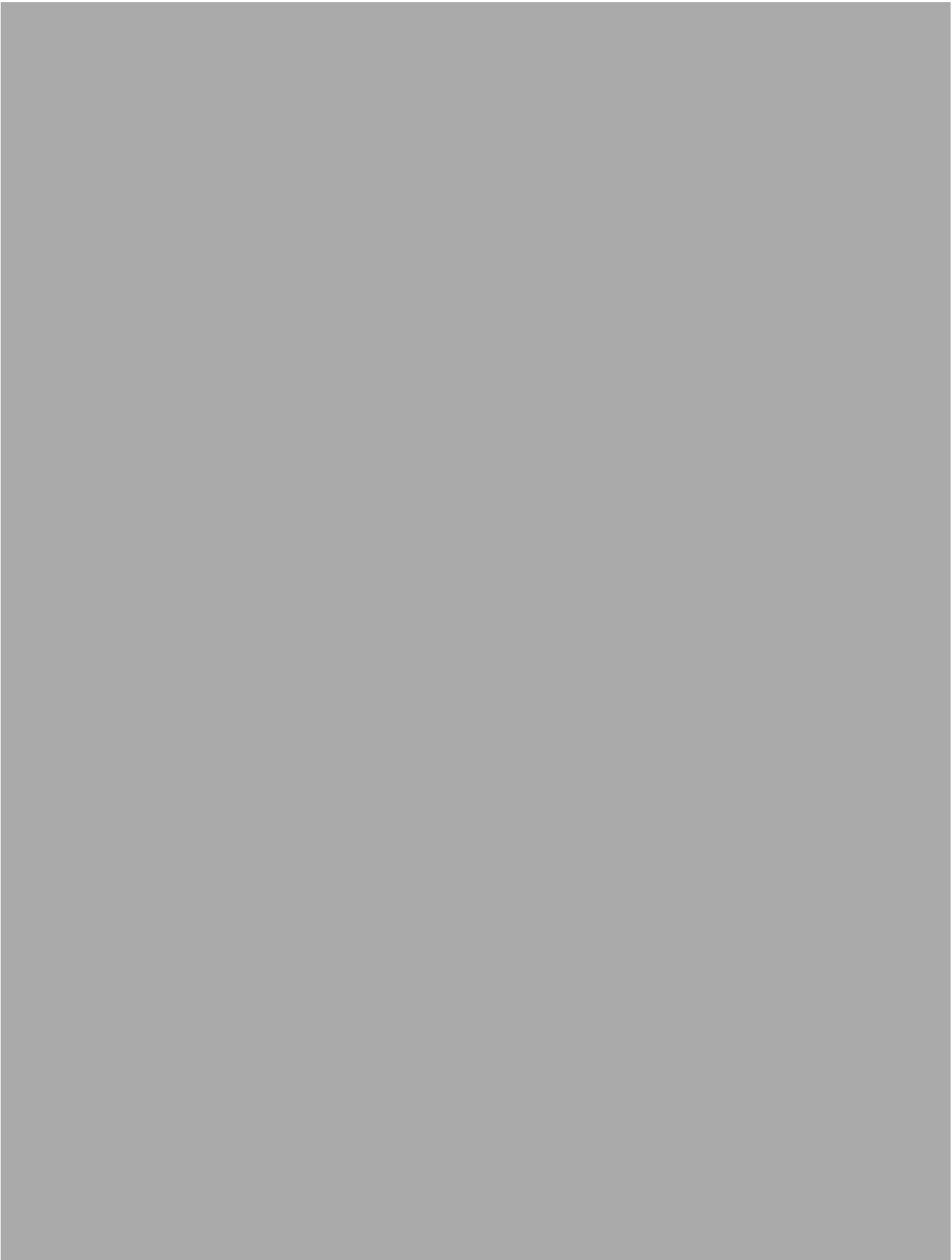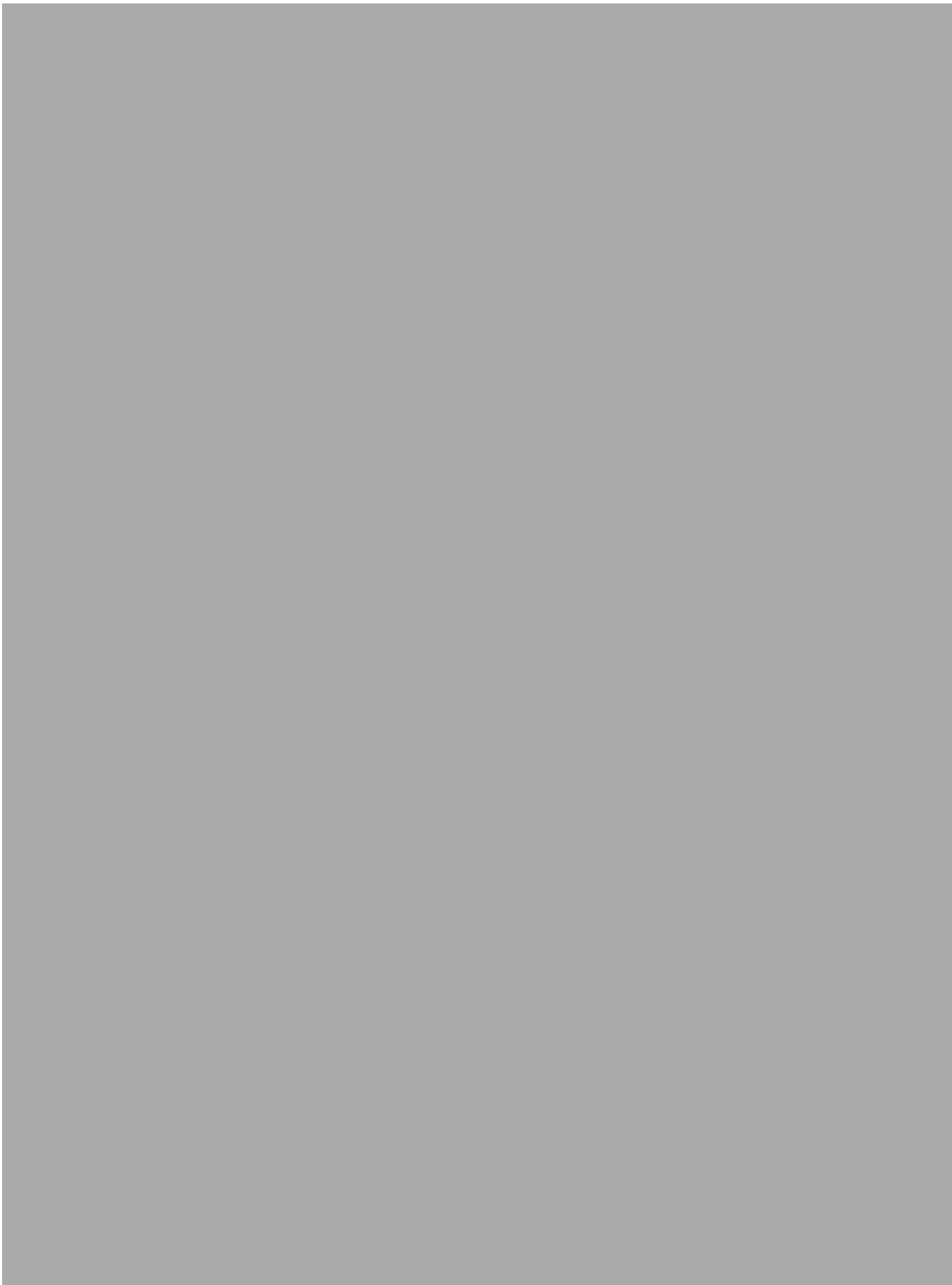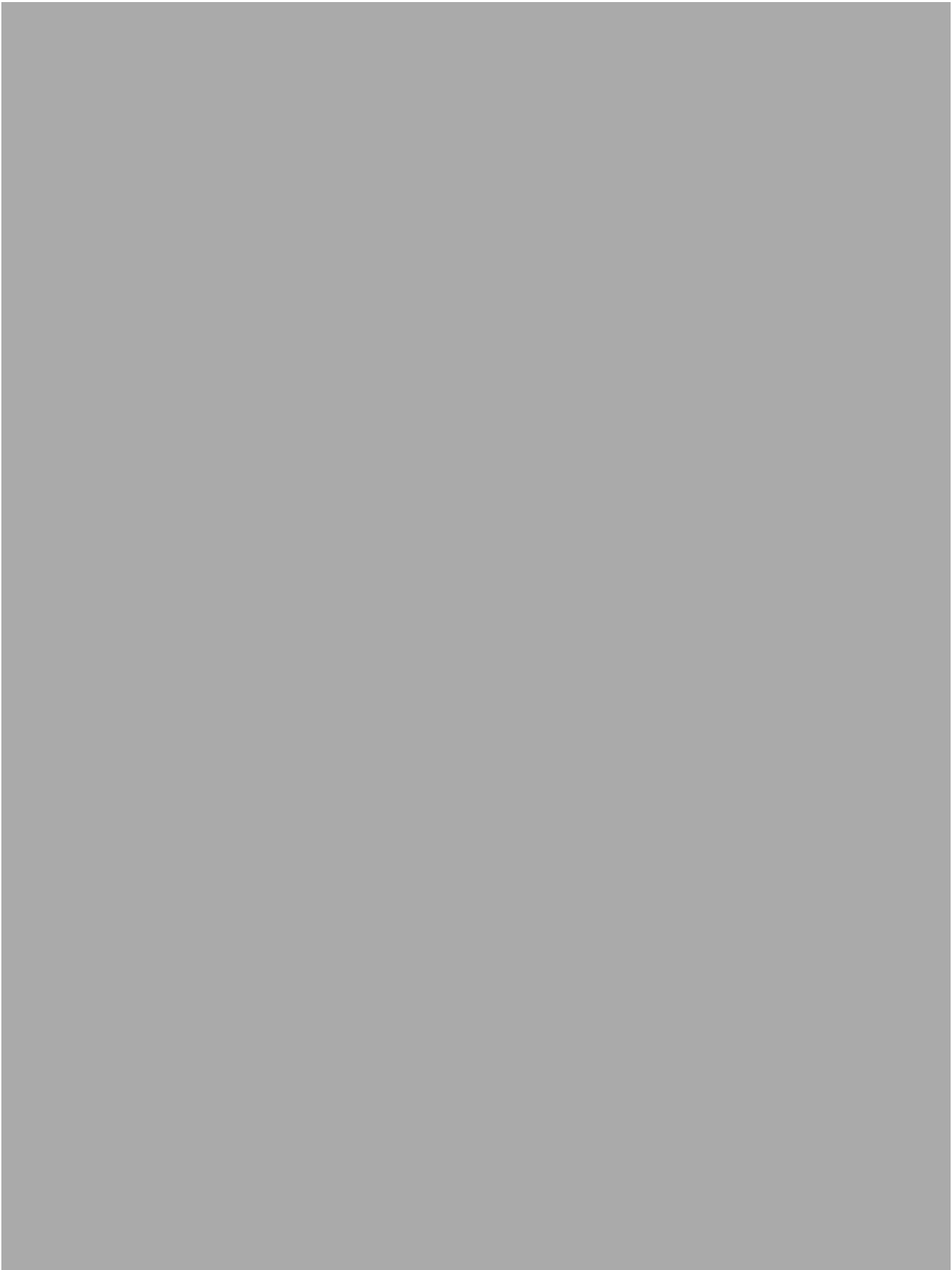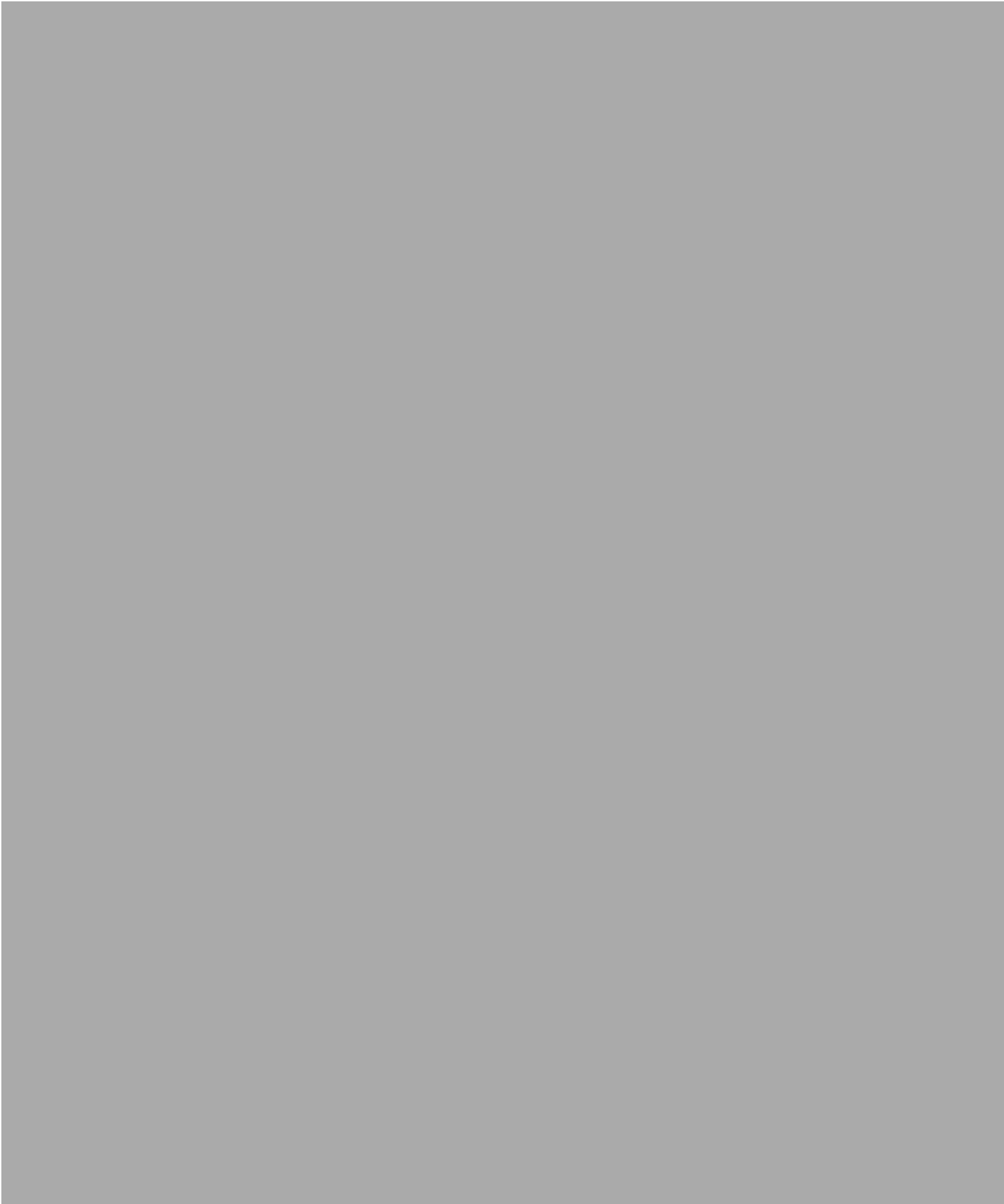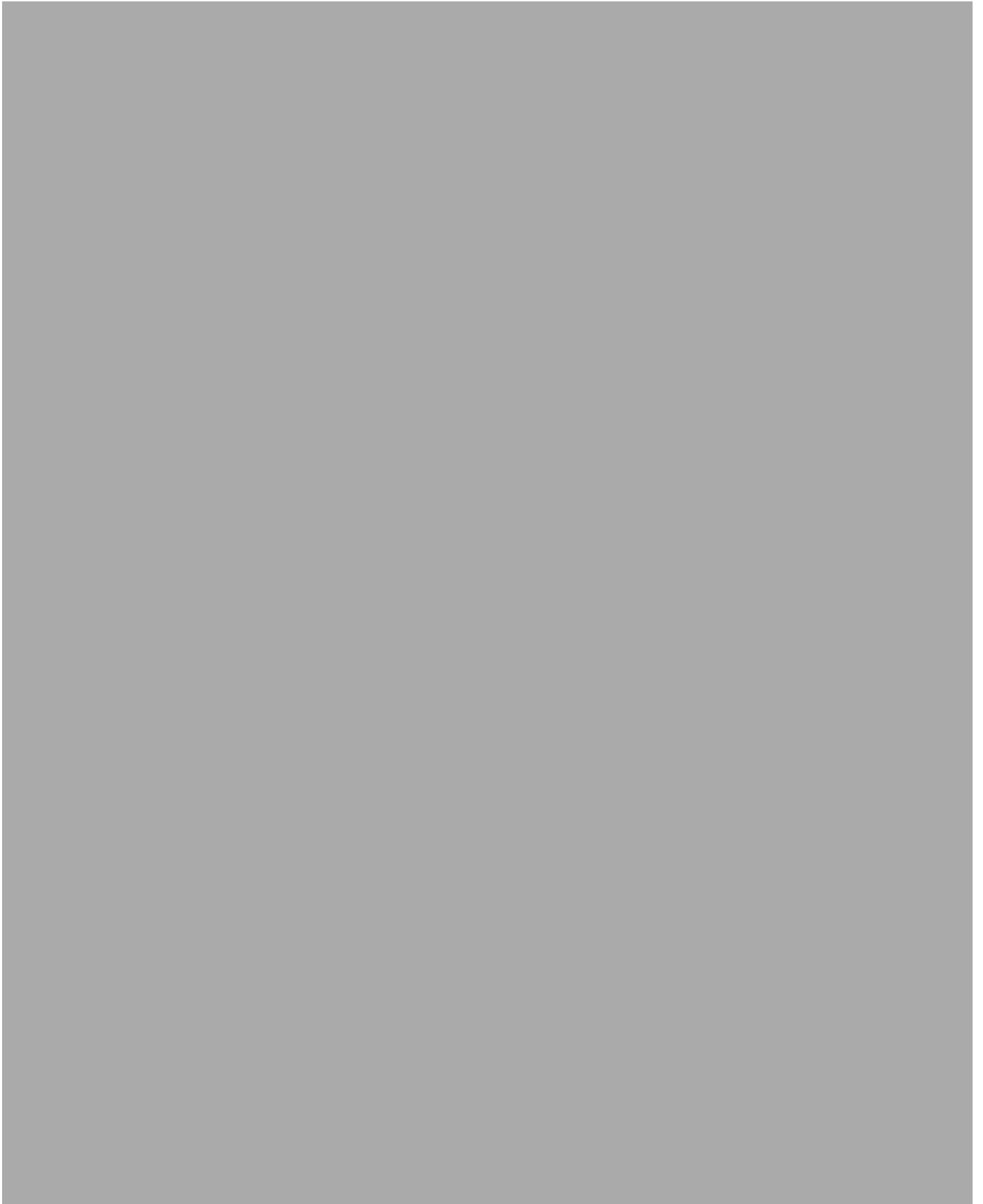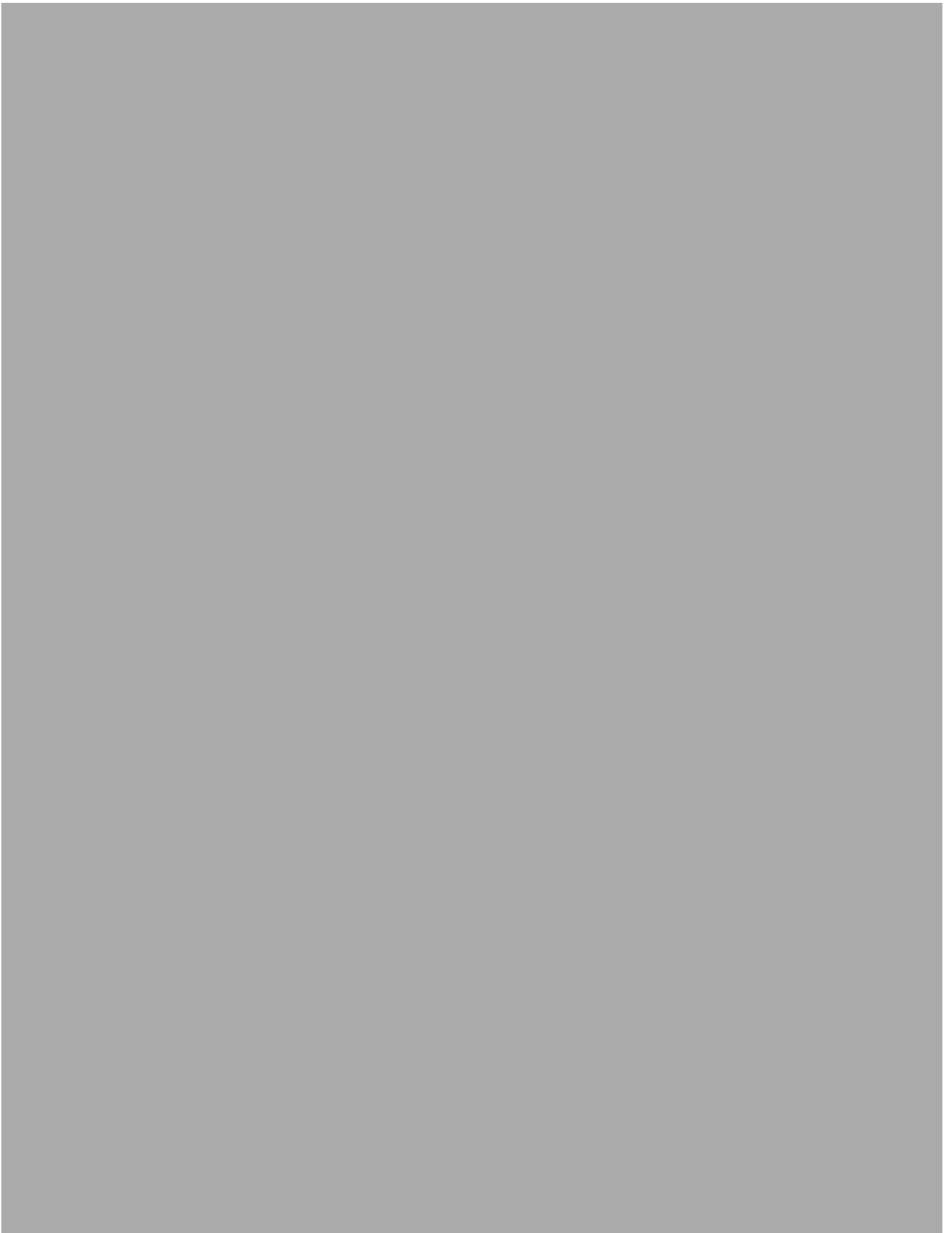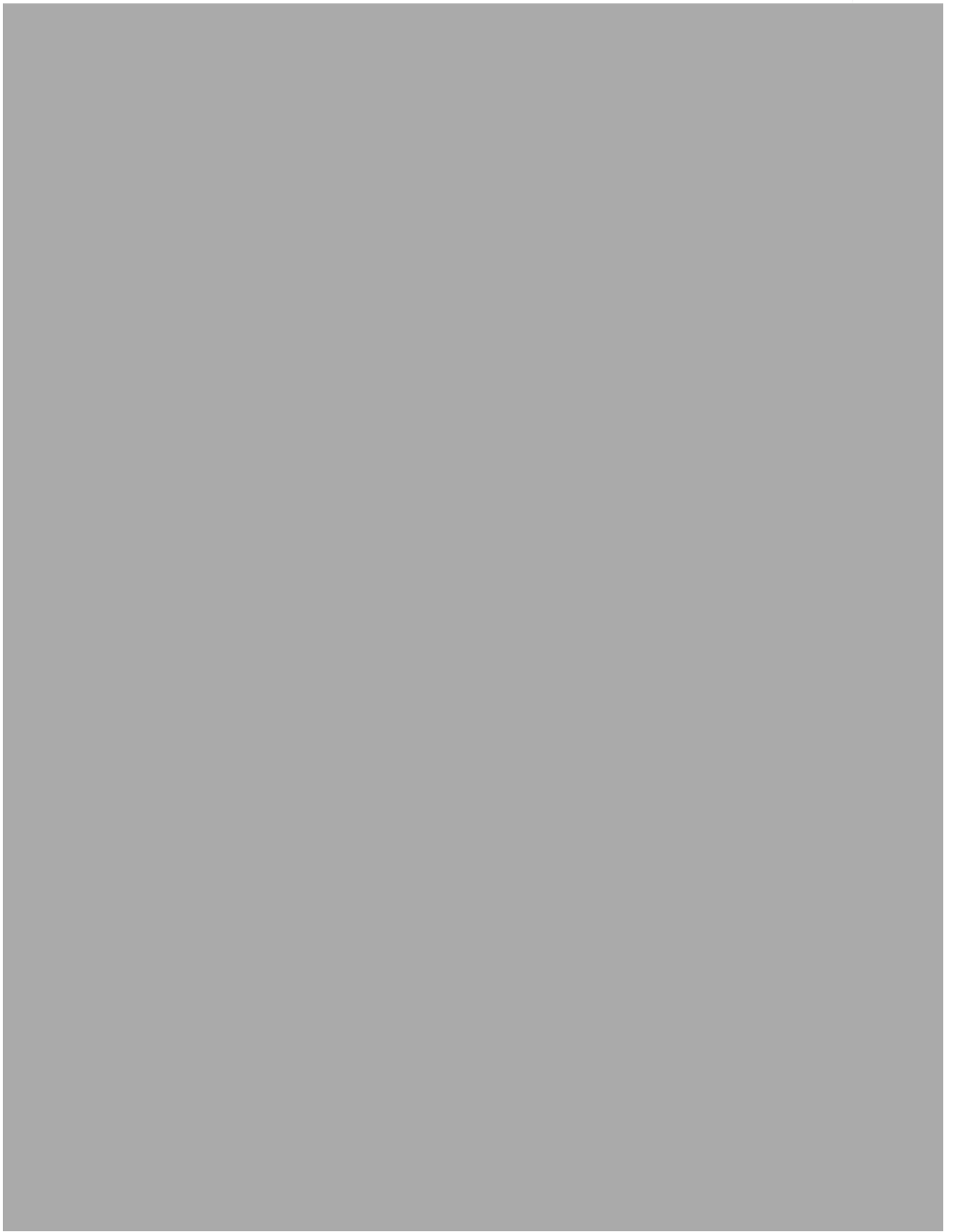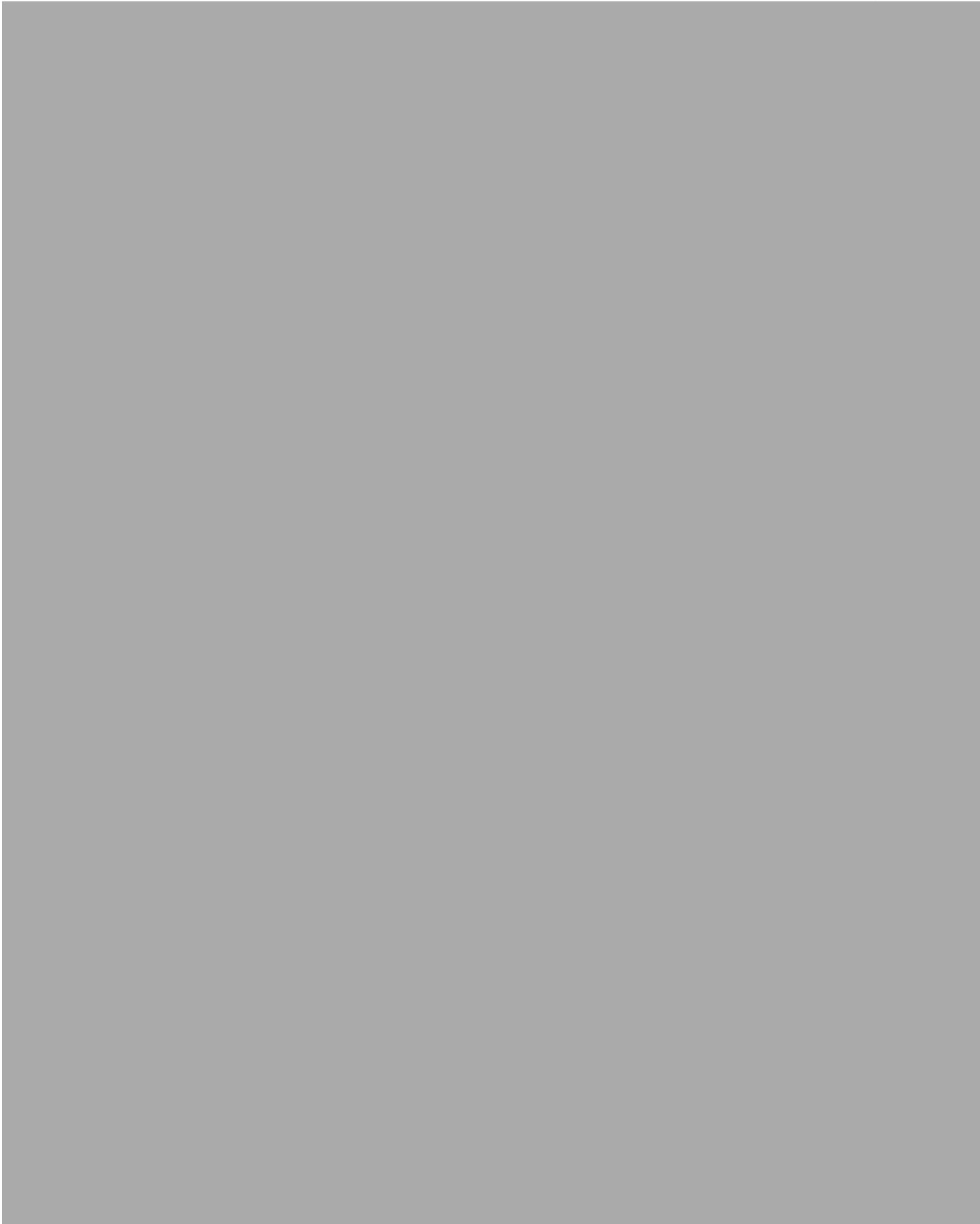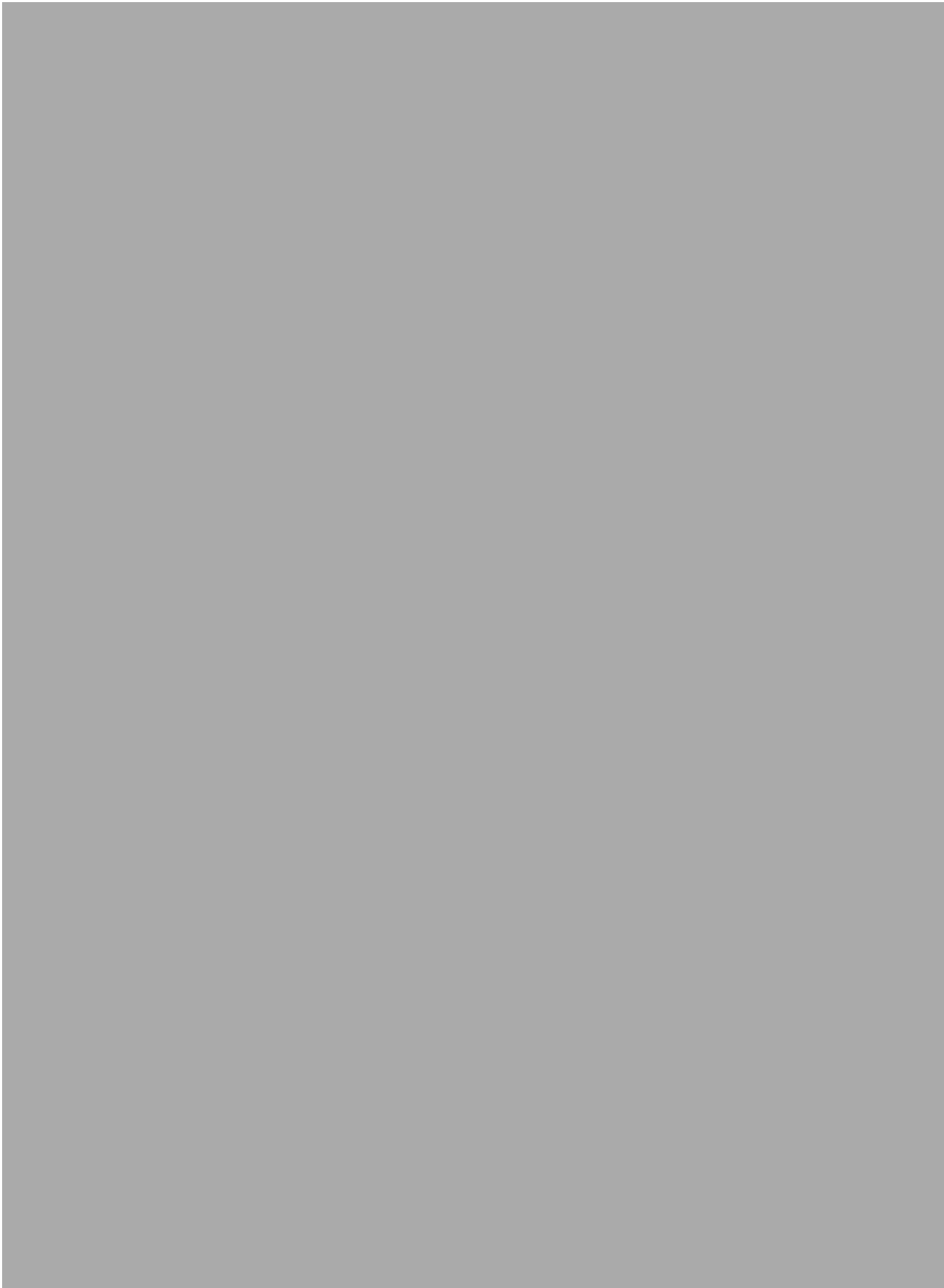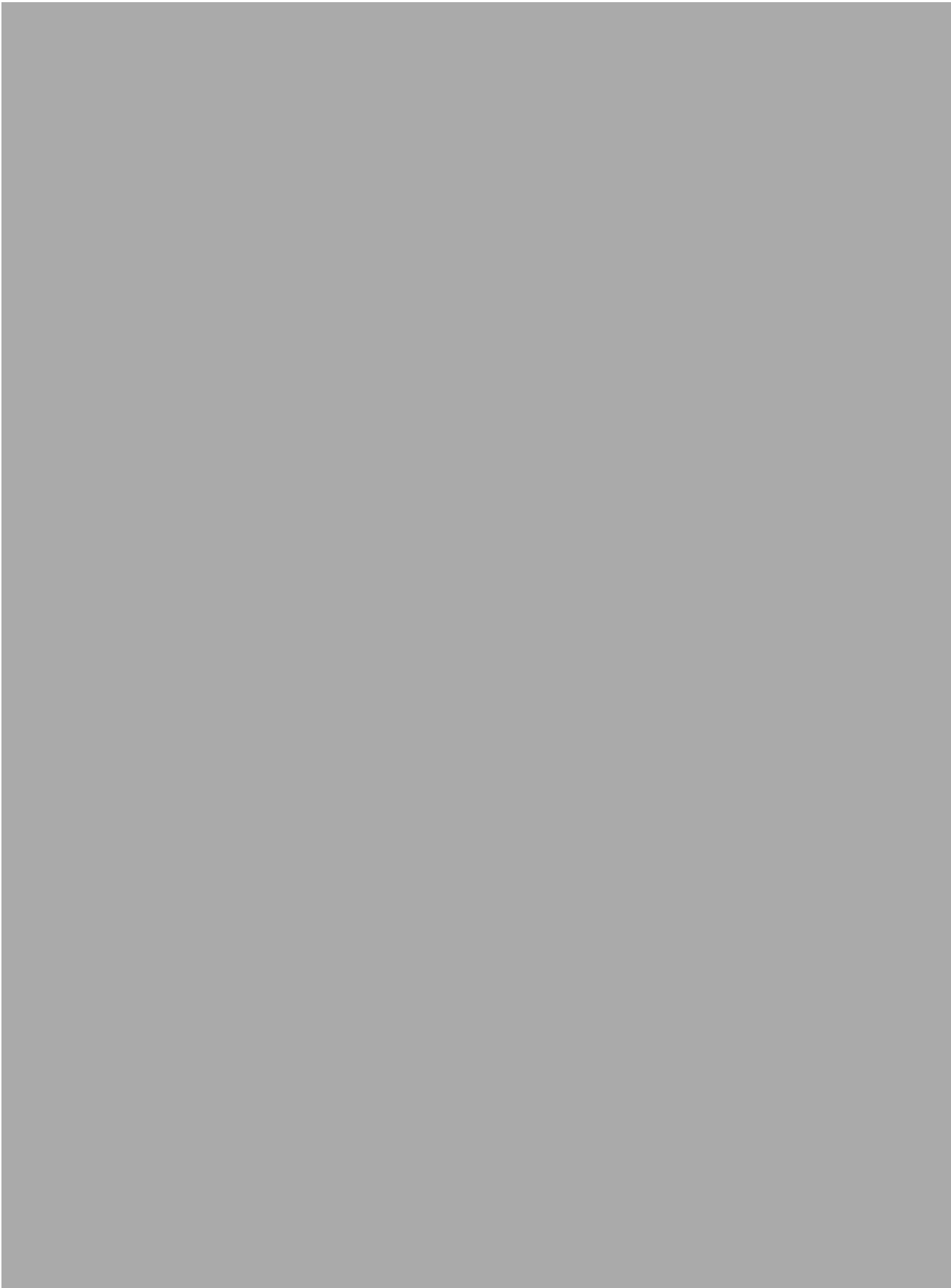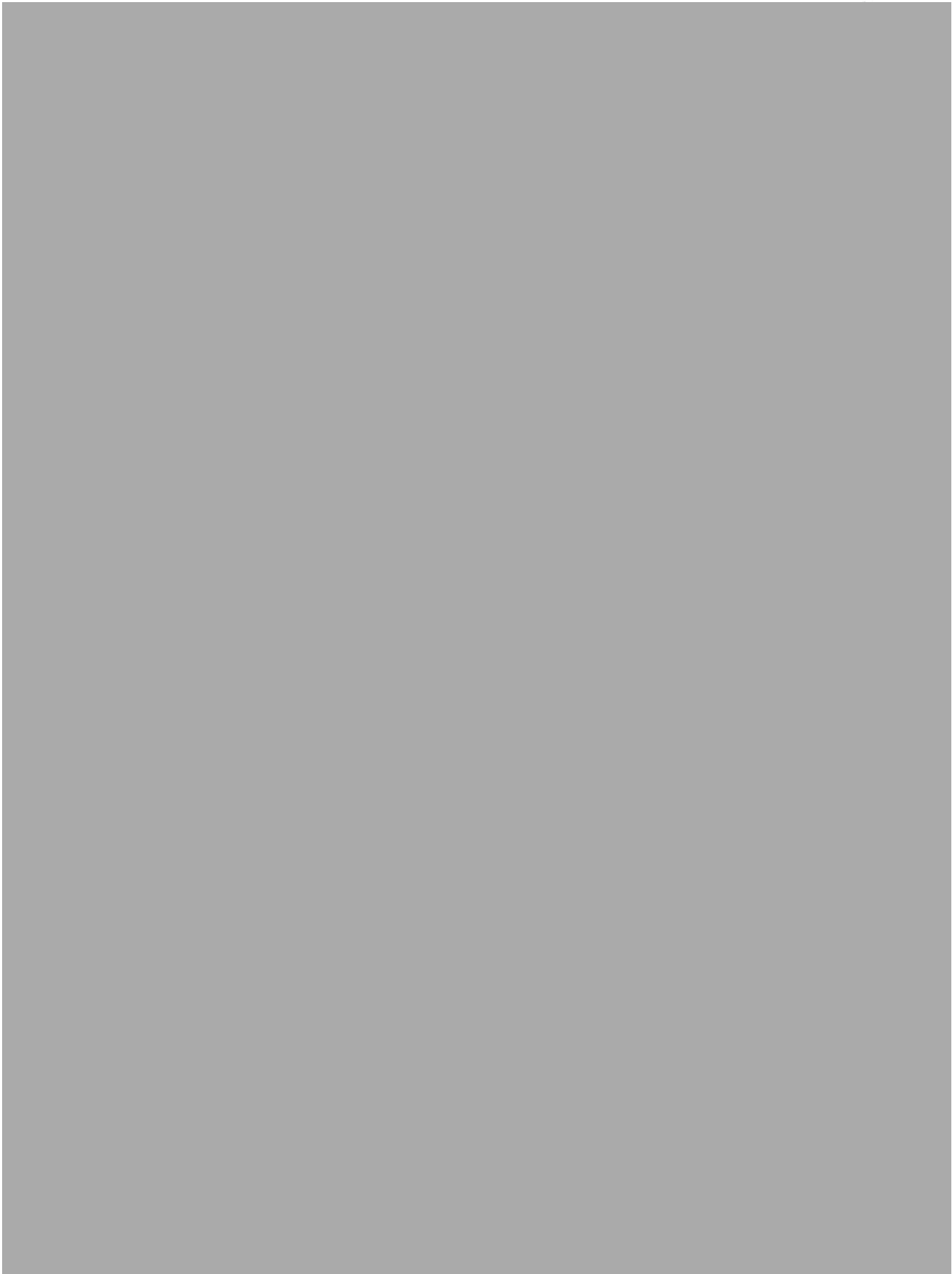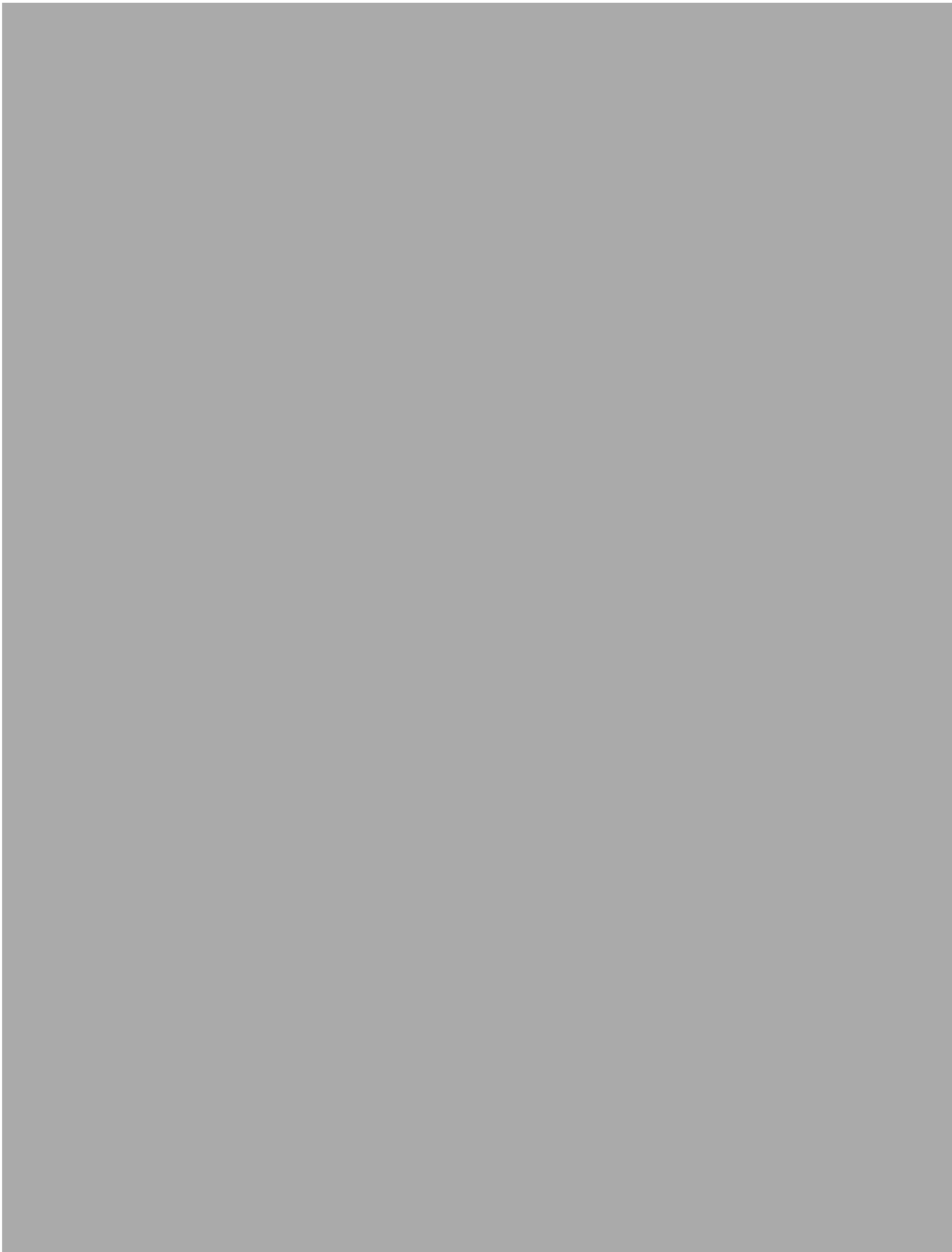
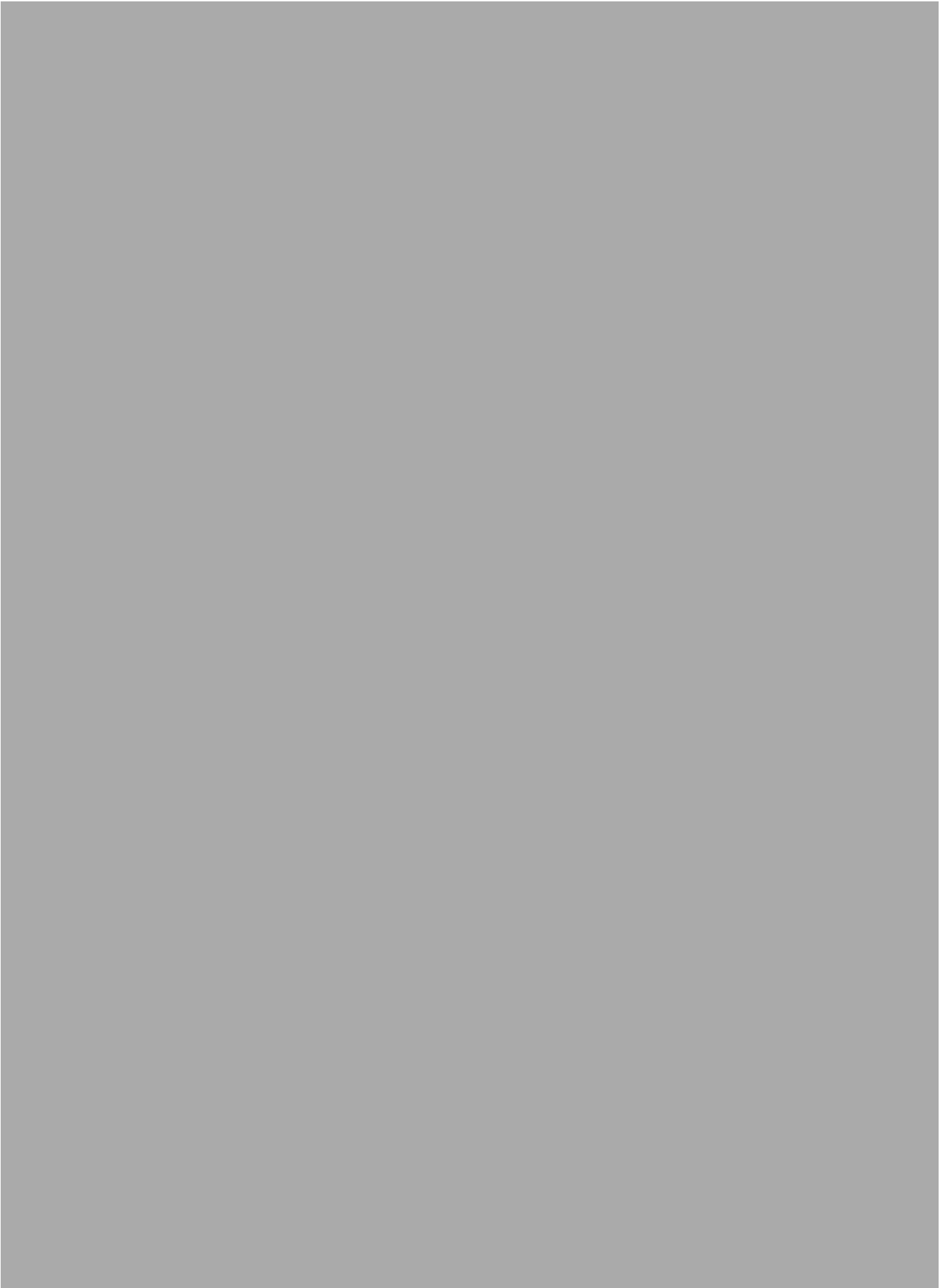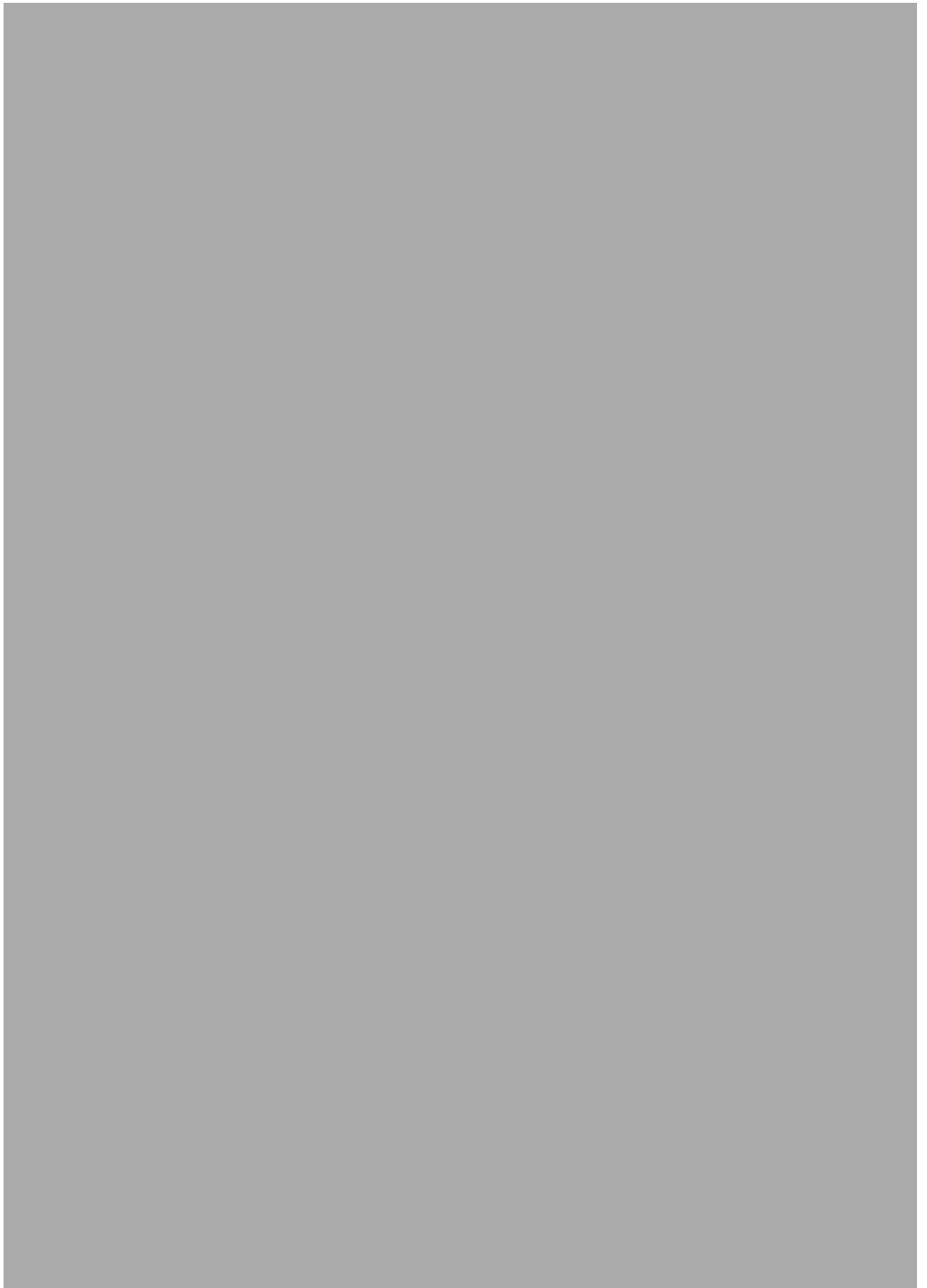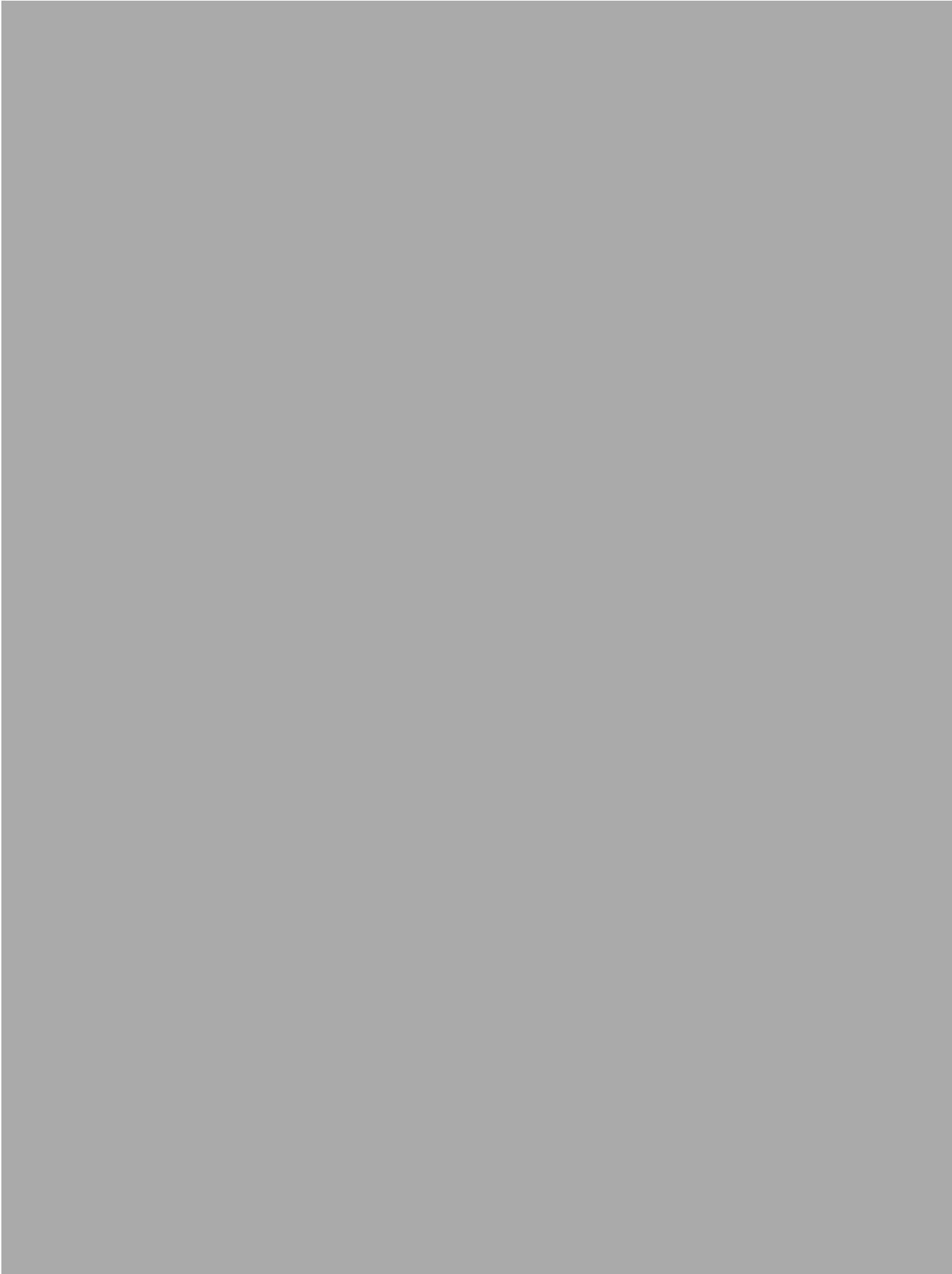# Appendix VI: Sample of DDC and SP Contract

Appendix VII: SP Contract Assessment Table

SN	DDC	SP/Nature of Organization	Contract signed date	Contract Duration in months	Contract Amount (NPR)	Delegation	Financing	Performing	Informing	Enforcing	Arbitration	Remarks
						Provision of roles, responsibility, tasks	Financial provision - mode of payment, disbursement, payment time, approval procedure...	Deliverables, outputs, results, action plan implementation.	Work progress reporting, format, channels, levels, time and frequency.	Enforcing provision in case of failure to comply terms and conditions.	Arbitration provision in non-compliance of agreement or contract. Provision of force majeure.	
1	Nawalparasi	Social Development and Research Centre / NGO	Feb-10	17	1,524,171	A elaborated ToR is provided with objective of assignment, approach, scope of work for three phases i.e. planning, implementation and consolidation phases, mentioned in detail. Provision for professional requirements with job description well clarified. Time of work commencement is	Phase wise payment schedule is provided which is performance based where first phase has 3 installments, second phase has 4 installments and last phase has 2 installments; thus altogether 9 installments. Payment time is no later than 30 days following the submission of invoices by SPs. Provision for provisional/contingency sum made. Insurance coverage is also clarified	Deliverable outputs are presented in the contracts but lack time bound clear-cut action plan with results to be achieved. In a way, it looks a bit vague.	Work progress reporting, format, channels, levels, time and frequency.	Enforcing provision in case of failure to comply terms and conditions.	Arbitration provision in non-compliance of agreement or contract. Provision of force majeure.	
2	Rupandehi	Indreni Rural Development Centre / NGO	Jun-10	18	1,763,960	Same	Same	Same	Same	Same	Same	Integrated monitoring chart is also included.
3	Pyuthan	Integrated Development Society (IDS) / NGO	Apr-11	18	1,352,000	Same as above, the difference is only in phases. Instead of three phases only two phases, implementation and consolidation phases, are provisioned.	Same as above but less instalments for payment.	Same				
4	Tanahun	Society of Social Service / NGO	Apr-10	-	2,318,700	Same	Same above but with 10 instalments.	Same with clear-cut action plan provided.	Same	Termination provision made, settlement of disputes	Same	Minutes of negotiation are also included.
5	Syangja	Aapasi Sahayogi Kendra-Nepal / NGO	May-10	18	1,332,000	Same	Same	Same	Same	Same	Same	Minutes of negotiation are also included.

Appendix VIII: List of District Development Plans

1.   Nawalparasi DDC:

1.1   District Development Plan Fiscal Year 2065/66 approved by the 16th District Council, District Development Committee Office Nawalparasi

1.2   Policy, Budget and Programme of Fiscal Year 2066/067 approved by the 17th District Development Council, District Development Committee Office, Nawalparasi

1.3   Policy, Budget and Programme of Fiscal Year 2067/068 approved by the 18th District Development Council, District Development Committee Office, Nawalparasi

1.4   Policy, Programme and Budget of Fiscal Year 2068/069 approved by the 19th District Development Council, District Development Committee Office, Nawalparasi

1.5   Policy, Programme and Budget of Fiscal Year 2069/070 approved by the 20th District Development Council, District Development Committee Office, Nawalparasi

2.   Parbat DDC:

2.1   District Development Plan Fiscal Year 2065/66 approved by the District Council, Budget, Policy and Programme (30 Jestha 2065), District Development Council Office, Parbat

2.2   District Development Plan Fiscal Year 2066/67 approved by the District Council, Budget, Policy and Programme (7 Baisakh 2066), District Development Council Office, Parbat

2.3   District Development Plan Fiscal Year 2067/68 approved by the District Council, Budget, Policy and Programme (21 Jestha 2067), District Development Council Office, Parbat, Information and Record Centre, DDC Parbat Ashar 2067[1]

2.4   District Development Plan Fiscal Year 2068/69 approved by the District Council, Budget, Policy and Programme (29Falgun 2067), District Development Council Office, Parbat

3.   Syangja DDC:

3.1   District Development Plan Fiscal Year 2066/67, Policy, Programme and Budget approved by the 18th District Council. District Development Committee, Information, Publication and Record Centre, Syangja, 2066.

3.2   District Development Plan Fiscal Year 2067/68, Policy, Programme and Budget approved by the 19th District Council. District Development Committee, Information, Publication and Record Centre, Syangja, 2067.

3.3   District Development Plan Fiscal Year 2068/69, Policy, Programme and Budget approved by the 20th District Council. District Development Committee, Information, Publication and Record Centre, Syangja, 2068.

3.4   District Development Plan Fiscal Year 2069/70, Policy, Programme and Budget approved by the 21th District Council. District Development Committee, Information, Publication and Record Centre, Syangja, 2069.

4.   Pyuthan DDC:

4.1   District Development Plan Fiscal Year 2068/69 approved by 18th District Council, District Development Committee, Khalanga, Pyuthan

4.2   District Development Plan Fiscal Year 2069/70 approved by 19th District Council, District Development Committee, Khalanga, Pyuthan

5.   Tanahun DDC:

5.1   District Development Plan Fiscal Year 2065/66, Approved Policy, Programme and Budget, District Development Committee Office, Information Centre, Tanahun

5.2   District Development Plan Fiscal Year 2067/68, Approved Policy, Programme and Budget, District Development Committee Office, Information and Record Centre, Tanahun

Appexdix IX: Descriptive analysis and correlation

Descriptive analysis

Descriptive analysis and correlation in this research have been carried out with two objectives. The first of these is to understand the statistical significance of their "compactness"[137] (WB, 2004) – that is, the compactness of accountability features and their intensity – in the service delivery relationship between the DDCs and WUCs, and between the DDCs and SPs. The second is to find out what kinds of relationships are being established between these actors (organizations), deriving from the compactness of their accountability features. In other words, how they show their compacting associational behaviour, and whether it is a loose 'agreement' type or a legal binding formal 'contractual' type in service delivery transaction.

The descriptive analysis (Table 14) shows that the 'agreements' between DDCs and WUCs, as perceived by DDCs, have low mean value (μ=17.43), compared to the DDCs' perception of the 'contracts' between DDCs and SPs (μ =20.14), and the 'contract' perceived by SPs between SP and DDC (μ =18.86). This indicates that on average the 'contracts' are better off in terms of their compactness in accountability features. Even within the category of the perception of 'contracts', the perception of DDCs (μ =20.14) is better than the perception of SPs (μ =18.86).

If one examines how uniformly these features are distributed (dispersed), the contracts have again performed better than the agreements. However, the SPs' perceptions of their contracts with DDCs (SP>DDC) have shown narrow dispersion of accountability features (σx =2.116) compared with the DDCs' perceptions of their contracts with SPs (DDC>SP) (σx = 3.33) and the DDCs perceptions of agreements with WUCs (DDC>WUC) (σx =4.467) respectively.

Where,

- DDC>WUC = DDCs made agreement with WUCs as perceived by DDCs

- DDC>SP = DDCs made contract with SPs as perceived by DDCs

- SP>DDC = DDCs made contract with SPs as perceived by SPs

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[137] World Bank – World Development Report 2004 defined compacts as "The broad, long-term relationship of accountability connecting policymakers to organizational providers. This is usually not as specific or legally enforceable as a contract. But an explicit, verifiable contract can be one form of a compact".

Table 19: Descriptive statistics of relationship (agreements and contracts)

Descriptive Statistics					
	N	Minimum	Maximum	Mean (μ)	Std. Deviation (σx)
DDC>WUC (agreement)	7	10	24	17.43	4.467
DDC>SP (contract)	7	14	24	20.14	3.338
SP>DDC (contract)	7	16	21	18.86	2.116
Valid N (list wise)	7				

Interpretation:

The 'agreements' made by DDCs with WUCs (DDCs' perception) and the 'contracts' made with SPs (both DDCs and SPs' perception) have demonstrated different levels of, and variation in, accountability features. From DDCs' perception, the 'agreements' made by DDCs with WUCs have a low level of intensity of accountability features with greater variation whereas the 'contracts' made by DDCs with SPs have a higher intensity of accountability features with less variation.

Taking service delivery compactness as the function of the mean value (μ) and the standard deviation (σx) of the accountability features, one sees that the higher the mean value and the lower the standard deviation the greater compactness in the service transaction relationship.

This can be expressed by the equation:

Compactness (C) = Mean Value (μ) and Standard Deviation (σx)

If this is so, then it can be concluded that the 'contract' service transaction (DDC>SP) (SP>DDC) offers a better accountability prospect than the 'agreement' ((DDC>WUC) type of service transaction. Refer to Table 14 for the level of the intensity of the accountability features, their mean value (μ) and variation in consistency (σx) in the service transaction relationships.

Correlations

Correlation is used to see whether the perceived service delivery transaction between DDCs, WUCs and SPs show a strong and significant association in their relationship from the accountability feature point of view, or not. The correlations of these perceptions are the view as perceived by DDC towards WUC and SP, and SP towards DDC only. These three relations have produced three correlations.

These are:

Correlation (r) between

i.   Relationship A and B [Accountability $_{(DDC-WUC)}$ & Accountability $_{(DDC-SP)}$]

ii. Relationship A and C [Accountability $_{(DDC-WUC)}$ & Accountability $_{(SP-DDC)}$]

iii. Relationship B and C [Accountability $_{(DDC-SP)}$ & Accountability $_{(SP-DDC)}$]

In this case, the associational predictions as observed regarding the relationships between DDCs and WUCs, and between DDCs and SPs, both as perceived by DDCs towards WUCs and SPs; and then by SPs towards DDCs (Table 20) are as follows.

1. DDC>WUC (agreement) and DDC>SP (contract) = **r (0.722)** (DDCs' perception)

2. DDC>SP (contract) and SP>DDC (contract) = **r (0.782*)** (both DDCs and SPs' perception)

Table 20: Correlation of Perceptions

		DDC>WUC	DDC>SP	SP>DDC
DDC>WUC	Pearson Correlation		.722	
	Sig. (2-tailed)		.067	
	N		7	
DDC>SP	Pearson Correlation	.722		.782[*]
	Sig. (2-tailed)	.067		.038
	N	7		7
SP>DDC	Pearson Correlation		.782[*]	
	Sig. (2-tailed)		.036	
	N		7	

DDCs' perception regarding relationship with WUCs and SPs

This relationship is observed to see whether there is any difference or similarities in the prediction of the perception behaviour concerning the 'agreements' made by DDCs with WUCs, and the 'contracts' made by DDCs with SPs. The relationship, which is defined by the accountability features, has established an insignificant relationship ($r = 0.722$) between the 'agreements' made by DDCs with WUCs and the 'contracts' made by DDCs with SPs. This means that this relationship cannot be predicted as positively significant, which further suggests that the accountability features of both relationships i.e. 'agreement' and 'contract' differ significantly from each other.

DDCs and SPs' perception regarding relationship to each other

It was found that the relationships between DDCs and SPs as perceived by both DDCs and SPs, under contractual arrangement, positively reciprocated each other, which means that the positive correlation is established ($r = 0.782*$) in this relationship. Both DDCs and SPs held similar perceptions regarding the features of contracts. It therefore, can be concluded that both DDCs and SPs have perceived similar (or close to similar) accountability features, which means that better compactness in service provision can be observed for predictive purposes compared to the relationship under the agreement-type relationships between DDCs and WUCs.

Appendix X: Letter of Introduction

UNIVERSITY OF BIRMINGHAM

School of Government
and Society

International Development
Department

21 January, 2013.

TO Whom It May Concern

LETTER OF INTRODUCTION FOR AMRIT RAI

This is to confirm that Amrit Rai is enrolled as a doctoral student at the International Development Department of the School of Government and Society of the University of Birmingham, United Kingdom.

Mr Rai is carrying research under my supervision for the degree of Doctor of Philosophy (PhD). In this connection he is collecting data about the organization and functioning of the water sector in Nepal. This research requires interviewing management, staff and customers of water provision companies in Nepal. The data collected will form the basis of Mr Rai's PhD thesis, to be completed in 2015. The research is carried out according to the ethical guidelines of the University of Birmingham.

Your co-operation with Mr Rai's research would be greatly appreciated. If you need more information, please do not hesitate to contact me via the email or telephone given below.

Many thanks

Yours faithfully

Dr Adrian Campbell,

Head of MPA Program,
International Development Department, School of Government and Society.