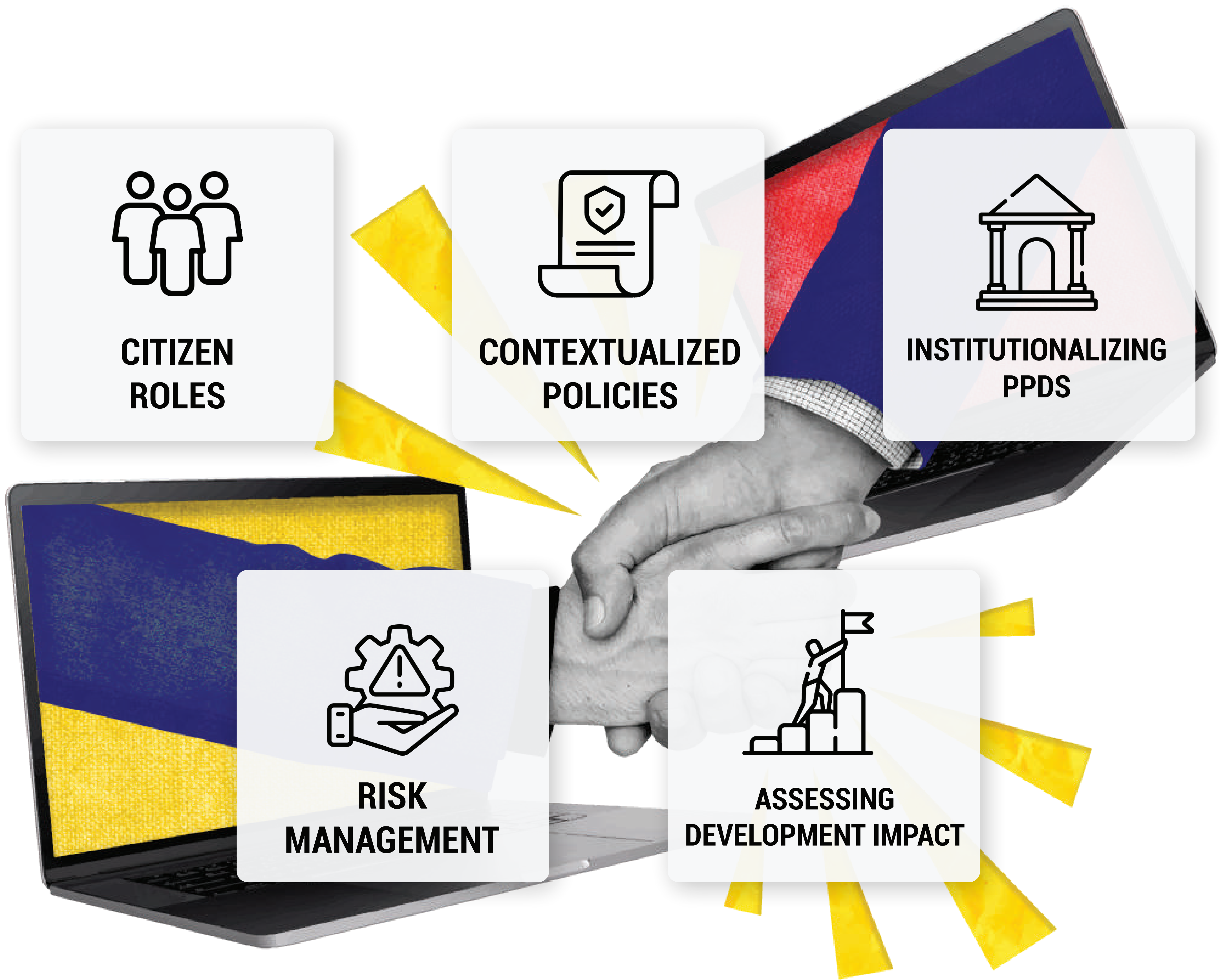




Resolving Business Relocation Conflicts Between Citizens and Business

in Lumbini Province, Nepal



**FOR FREE AND RESPONSIBLE ECONOMY
AND DEMOCRACY IN NEPAL**

Executive Summary

The important role of the private sector in the economic transformation of the country is well established among local governments in Nepal. However, there are reservations from a section of the private sector about the prospective role that should be played by the government. Barriers to trade, especially non-trade-related barriers, are increasing in Lumbini province. Due to the lack of institutionalized channels of communication between the government and the private sector, these barriers have not been addressed. One of the most prominent barriers is related to ways to address the conflict between businesses and their neighbors. This issue is largely understood as issues related to industry relocation. The practice of establishing businesses in residential locations has created a conflict between the business units and local citizens who share land boundaries with the businesses. Local people have to live with the nuisance value in terms of noise pollution, traffic congestion, wastes, etc. created by the establishment of the business on the one hand. On the other hand, local people have also benefited from an increase in the price of land, and house rent in their locations because of the establishment of the businesses. There is no specific government policy to deal with these issues and businesses are using extralegal measures to deal with the issue. The small business owners are forced to make financial contributions in community events, help build or repair roads and help construct temples, bus stops/stands, and other small community infrastructure. The government response on this issue is limited to establishing Industrial areas and trying to shift all businesses within these areas.

The increase in conflict between businesses and neighbors is not healthy for the businesses and citizens also. An effective way to address this problem is through a dialogue between the businesses and local citizens at the leadership of the government. One of the ways the government can address the issue is by maintaining strict criteria and term limits for businesses to take from neighbors before starting a business. It is high time for local governments to categorize their land use and also categorize existing businesses to enable a phase while relocation plan for businesses. Government should designate areas for businesses according to their potential effect on public life. In designated areas only, businesses should be allowed to operate by taking permission from the neighbors for a fixed period of time. This effort of the government must be seconded by the establishment of industrial/business zones for industries. There is a need for devising scientific mechanisms to assess the negative effect of the business operation in terms of creating public inconvenience. Periodic inspection of the effect of businesses in public life can be done by institutionalizing an auditing framework for environmental safeguards, waste management, and other public nuisance created by the presence of the businesses. Relocation should be mandatory for such businesses which have created hazards on public life. Governments must support businesses to relocate with certain waivers in taxes or financial support for relocations. Overall local governments must devise a policy for relocation such that businesses do not lose their competitiveness upon relocation. Businesses must also be allowed to operate on the premises after having taken permission from neighbors for a fixed period of time.

Key Terms

Public-Private Partnership (PPP): Public-private partnerships involve collaboration between a government agency and a private-sector company that can be used to finance, build, and operate projects. (Investopedia, 2021) In respect to this paper, PPPs are all collaborations between the public and the private sector for development.

Public-Private Dialogue (PPD): Public-private dialogue is a process that involves bringing in members from the government, and the private sector (along with other important stakeholders such as media, academicians and affected citizens in reference to this paper) that helps solve issues between the two bodies and allow for improved collaboration between the government and business with continued feedback.

Citizen-centric: Citizen centric means decisions based on citizen feedback, and making decisions keeping citizens at the center.

Mini-meetings: Thematic meeting conducted with a small number of stakeholders (anywhere between 2 to 20), on a specific topic to identify problems/issues/concerns pertaining to a specific group of people, and receiving their feedback.

Elected Representative: All individuals who have participated during this process are people's representatives elected as local and provincial government of Lumbini Province and federal government.

Sarjamin: An agreement document signed between a business and the neighboring citizens for the approval of running a business in the community. A signed sarjamin is needed to register a business in Nepal.

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We would also like to extend our gratitude to the leaders of NYEF Rupandehi Chapter and Sutra Solutions for partnering with us at the local level, providing great context to the problem of public-private partnership and the rising conflict between the citizens and businesses regarding business relocation in Lumbini province, and helping map stakeholders for the public private dialogue.

This policy paper would not have been completed without the participation and feedback from Rupandehi Industry Association, Butwal Chamber of Commerce and Industry, Rupandehi Transport Entrepreneurs Association, Milan Park Development Committee, Association of Meat Entrepreneurs, along with other small-medium businesses as well as entrepreneurs, providing the private-sectors perspective on the issue.

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Narayan Adhikari

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1. Introduction

There is an increasing interest among local governments in Nepal to promote entrepreneurship in their constituencies. Many local governments are trying to attract investments in their areas. There is a new trend among local governments to organize investment summits and declare tax waivers and other subsidies to industries of specific nature as a way to reassure the private sector. While these initiatives have enabled the registration of businesses in Lumbini province, there are other areas where local governments need to pay attention. There are around 86,904 industrial units operating in the Lumbini province, which has a population of 44,73,576^[1]. It accounts for almost 16% of all business establishments in Nepal. The high number of industries as well as a culture of entrepreneurship among the residents means there are lots of economic opportunities in the province.

Despite the opportunities, there are also ongoing challenges- especially among the private sector running industries and citizens residing close to the industrial facilities. Among the well-established urban economies in Lumbini province (Butwal, Bhairahawa, Taulihawa, Nepalgunj, Ghorahi), for instance, there is a rise in the conflict between citizens and private businesses. In these urban centers, market development occurred in those places where businesses were established. The establishment of businesses led to an increase in population in the area credit due to the establishment of industries/businesses in those areas. As a result, the price of the assets in the area rose with the development of physical infrastructures like roads, electricity, drainage, and population. The population in the area benefited because of the presence of industry and businesses and the positive externalities created by the establishment of industries/businesses in the area.

Since the past few years, there are increased negative externalities of these industrial settlements, and people who reside in areas adjoining the industry/business premises encounter problems related to traffic congestion, noise pollution, waste disposal, sound pollution, etc. Some of the citizens' groups have been very vocal regarding this issue. These citizens who are neighbors to the businesses file complaints in the office of the local executive and to the court. In some areas, the citizens' groups often obstruct the operation of the business as well. Businesses are suffering from obstructions from citizens and citizens are also suffering because of the public nuisances they are facing because of the operation of the businesses.

1.1.Diagnosing the Source of Conflict: Right to Life and Right to Enterprise

There are two rights that are in conflict- the right to peaceful living and the right to an enterprise. While citizens have the right to live in peaceful communities free from nuisances, the businessmen also have the right to enterprise and livelihood in a legal way, paying all the due taxes to the government. Street protests and show of power carry a heavier political weight than any business establishment in Nepal. Any assembly of citizens in the streets is a better political force in Nepal

¹ Progress Report, Ministry of Industry, Forests and Environment Ministry, Lumbini Province 2019/20

than businesses. Businesses are disadvantaged when it comes to negotiating with citizens regarding such conflicts. Businesses don't have any support from the government in these issues. They try to strike out a deal with these citizens groups by getting into the good books of these citizens. No businesses can operate in Nepal if the citizens (neighbors) are not taken into confidence. Citizens also ask businesses to make donations to community events for the sake of operating the businesses. While these are seemingly harmless, the demands from the citizens never end. Businesses supporting local community events and helping build local infrastructure are more out of compulsion rather than willingness. There is an increasing trend of such demands from the citizens with the businesses. The harmless demands from the citizens are increasing the costs of business operations. The increase in business operation costs might not be a bigger problem for big businesses but for the majority of small businesses, the costs are substantial. Such entrepreneurs find it hard to negotiate with citizens on their demands and also do not possess the capital to relocate their enterprise. As such, neither these enterprises are able to relocate nor are they able to operate freely in their own place. This trend has increased in recent years. With the increment in the price of the land in these areas, it has become difficult for the majority of small businesses to relocate to other areas.

Additionally, there is no government provision to deal explicitly with this issue. Local governments have legal mechanisms to deal with such issues related to land disputes between neighbors, waste disposal, land usage disputes, etc. The local government can ask the enterprise to create a boundary wall, reduce and manage wastes, decrease noise pollution, and suggest remedial measures for traffic congestion. However, the local governments cannot ask businesses to shut down as it goes against the right to an enterprise.

Given the importance of reducing conflicts between businesses and local people, it is imperative to bring diverse stakeholders (Government, businesses, citizens) together to find ways to develop mechanisms to address such conflicts. Accountability Lab Nepal hosted an open Public-Private Dialogue (PPD), a common platform for government, businesses, and citizens groups to discuss and find possible ways to reduce the conflict. It is an opportunity to ignite discussion on ways to ensure partnership between the public and private sector and facilitate the process of creating a mind-bridge between the public and the private sector, openly, and in a peaceful way.

At the outset, Accountability Lab has been working to strengthen the enabling environment for partnership between the public and the private sectors in two provinces of Nepal, Lumbini province



Figure 1: Academician sharing his insights on the issue

and province 1. Accountability Lab focuses on the subnational level and brings together the key leaders from the private sector, local and provincial governments, and civil society to strengthen mechanisms for effective private sector participation in local and provincial development. Accountability Lab has leveraged its network, relationships, and resources to create feedback loops to foster an enabling environment for the private sector to integrate their voices into policies, programs, and budgets. In the Lumbini province, the activities are focusing more on the exercise of developing institutional mechanisms to address concerns of the private sector by the government. This position paper is based on the experiences of conducting a thorough study regarding conflicts between businesses and local people (neighbors) who reside in areas adjacent to the businesses in urban areas of Lumbini province.

1.2 Purpose of the Paper

The paper will serve the purpose of informing local government and businesses in Nepal on developing a mechanism to address the conflict between businesses and citizens, such that people are entitled to both the exercise of the right to a peaceful life and the right to an enterprise. The paper will be useful for those local governments where markets are developing as a consequence of increased population density.

1.3 Objectives

The objectives of this policy paper are:

To document the existing status of conflict handling mechanism between businesses and citizens; understand the perspective of businesses relocation and its challenges;

Recommend possible alternatives to strengthen PPP projects by handling existing conflict in an amicable way.



Figure 2: Citizen voicing their concern during PPD

2. Approach to the Study

The paper adopts an explorative research design. Most of the data/information was collected using qualitative methods. Both primary and secondary sources of data were used. Primary data was collected by organizing mini-meetings with separate sets of stakeholders. Additionally, in-depth interviews were also conducted with 8 persons who have provided insights on various aspects of the major issues and status of industry relocation in Lumbini province. The stakeholder mapping exercises were conducted that led to the finalization of stakeholders. Some of these stakeholders were invited for mini-meetings. They were asked to list out their experiences of the gravity of the issue related to the conflict between citizens (neighbors) and industries or businesses and wider industry relocation issues. Besides, interactions and informal meetings were also conducted with local people who were affected by the huge increase in business activities in their area and had filed complaints in the local municipalities. These people provided a wealth of information on the various facets of the issue. Finally, a PPD was conducted to discuss the experiences of different stakeholders and suggest ways forward to foster cooperation between the government and private sector such that the issue of industrial relocation and ways to address existing conflict is solved.

2.1 Mini Meetings

Altogether 6 mini-meetings were conducted with diverse sets of stakeholders. The mini-meetings provided much-needed information about the perspective of different sections of the private sectors as well as other stakeholders on the execution of the PPP projects. Altogether 42 people had participated in these mini-meetings. The following table gives the detail of the stakeholders reach out through mini-meetings:

Organizational representation of the stakeholder's

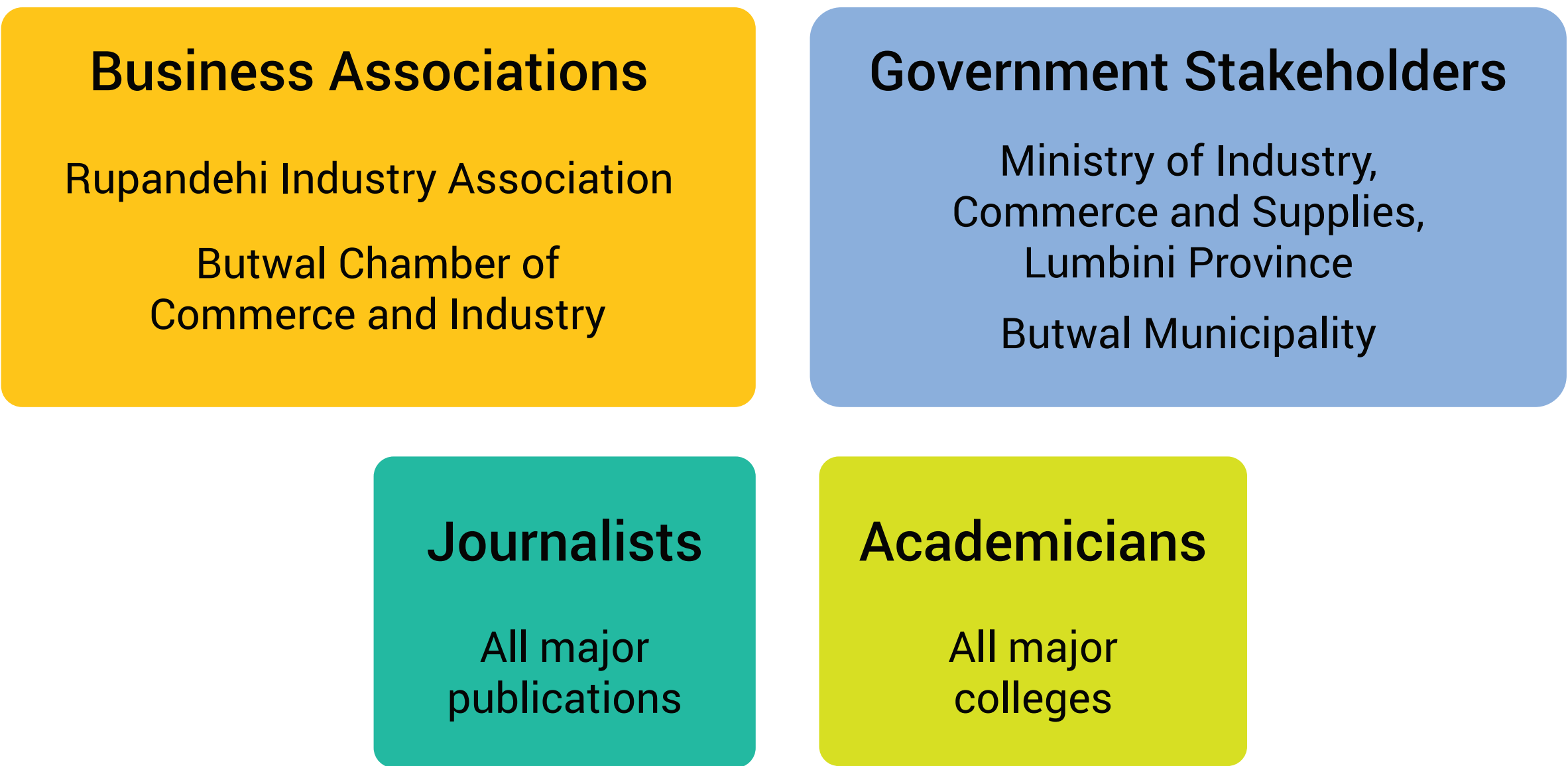


Figure 3: Organizational representation of the stakeholder's

2.2 Informal Interaction and Interviews:

Besides, mini-meetings and informal interactions were conducted with 8 individuals and office bearers who provided detailed information on the issues of addressing conflict between neighbors and businesses and the wider issue of industry relocation. Following sets of stakeholders were reached out through interviews and informal interactions.

Individuals reached out through the study

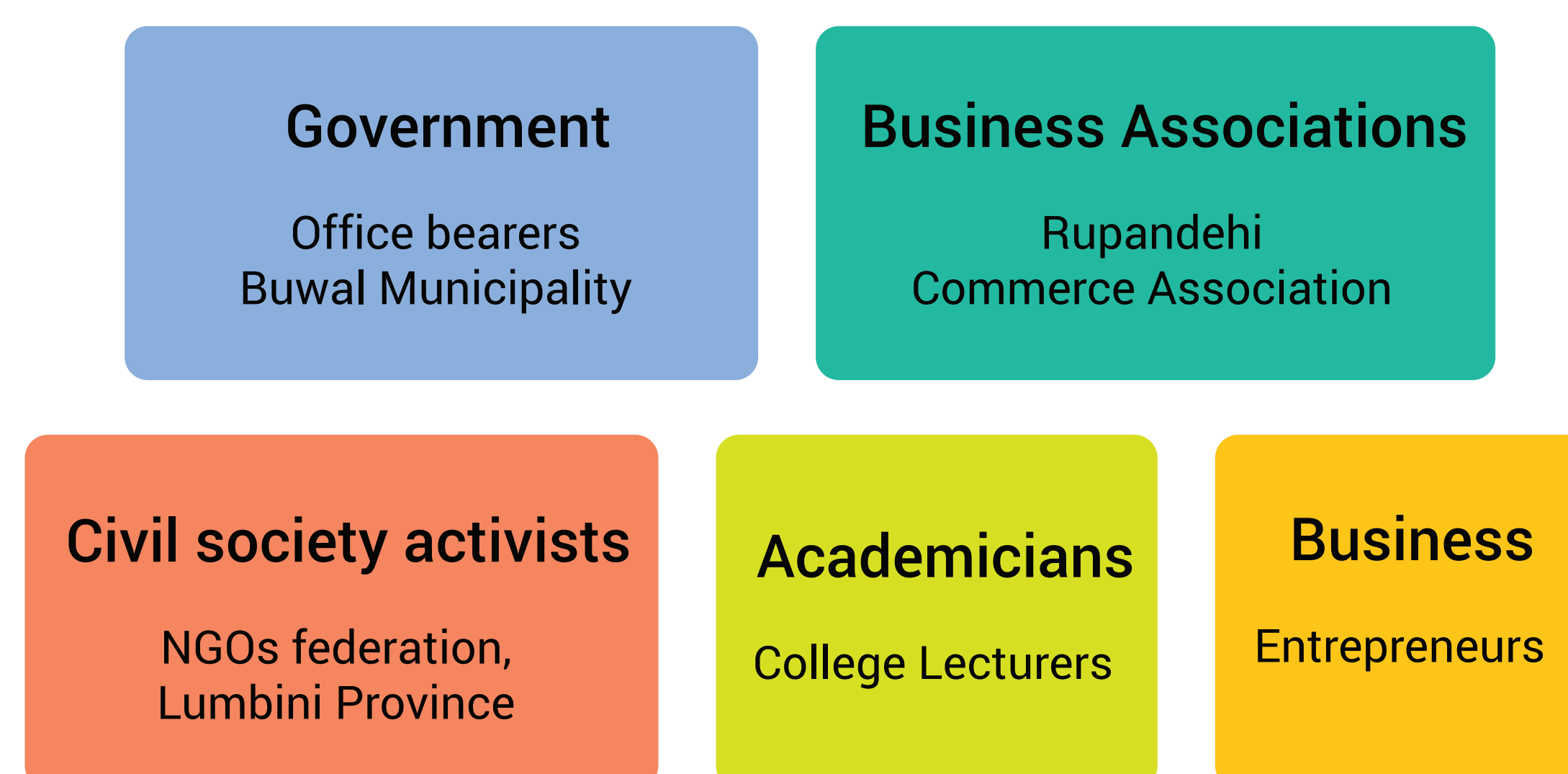


Figure 4: Individuals reached out through the study

2.3 Mini Perception Survey

Since the accurate information on the issue is very little, Accountability Lab also conducted a survey amongst entrepreneurs to understand their views on the issue and how they are dealing with it. During the initial phase of the discussion, it was understood that there is a severe lack of data or evidence on these issues. The local municipality, province ministry, and even the business associations had no idea on the number of businesses that faced this problem, although all institutions were aware of the sensitivity and importance which needed policy intervention. As such, a mini-survey was conducted among a purposely selected sample of businessmen who were affected by the issue. An initial list of potential businesses which were facing the issue was identified from among the members of the business associations. A survey form was circulated among these members with a request to provide information regarding how they are dealing with the issue, how it has affected their business and their expectations from governments in addressing the issue. 52 entrepreneurs/businesses provided information on the research questionnaires.

2.4 Public-Private Dialogue (PPD)

PPD was conducted to share the findings of the mini-meetings, survey results, and informal interactions as well as to jointly identify problems and propose solutions to the impending challenges related to the conflict between neighbors and businesses, and industrial relocation. The program also provided an opportunity to discuss the sensibilities of the industry relocation and address conflicts. The PPD was attended by 54 participants. The program was addressed by the

Lumbini province planning commission Vice-Chair, Industry Secretary from Lumbini province Industry Ministry, and province chairs of all major business associations- mainly Federation of Nepalese Chambers of Commerce and Industry, Chamber of Industry, and Federation of Small and Cottage Industry association. Selected participants from researchers, Government officials, academia, civil society, entrepreneurs, Journalism, and businesses discussed the issues and jointly recommended some of the ways for the government to address the issue.



Figure 5: Participants Participating in the Group Activity



Figure 6: Small business owner voicing their opinion during PPD

3. Existing Legal Mechanism pertaining to the Issue of Conflict Resolution

There is a lack of legal mechanisms to deal with this issue. The local governments govern the businesses through directives on private firm registration, market inspection, and market development which are based on the industrial enterprise act 2020 of the government of Nepal. The private firm registration act of some of the local governments is silent on the issues of providing protection measures for businesses if they encounter conflict with neighbors^[2]. All businesses are required to obtain permission from residents who live in the adjoining areas of businesses commonly called “sarjamin^[3]” before they apply for registration of the businesses at the local level. Based on the nature and scale of businesses additional requirements such as Environmental Impact Assessment (EIA)/Initial Environmental Examination (IEE) report must also be produced in order to get registered at the province ministry along with details about the physical location of the businesses. An industry that is not required to carry out environmental impact assessment or initial environmental examination also has to make a self-declaration that it will take necessary measures to mitigate possible adverse effects on the environment from the establishment and operation of the industry. Without permission from the neighbors, the local government cannot issue registration certificates to businesses.

All local governments have set up a judicial committee to resolve small issues related to trespassing, waste disposal, water usage and drain management, and other disputes between neighbors. The judicial committee comes closest to being an institutional mechanism to solving issues of conflict between neighbors and businesses. However, this committee works to bring the conflicting parties into a negotiation but it cannot shut down the businesses; neither can declare circulation to citizens on behalf of the businesses. At the provincial level, there is a lack of legal mechanisms to solve the dispute between citizens and businesses. Upon receiving complaints from citizens, the concerned department of the province ministry of Industry seeks clarification from the businesses and suggests corrective measures. Neither local governments nor provincial governments have set up any mechanism to address the issue of relocation of industry. Even the urban development planning process does not address relocation issues.

² The private firm registrations Act of municipalities which have major urban markets in Lumbini province were studied. None of the Acts had remotely talked about ways to address conflict between businesses and citizens

³ Sarjamin – A Nepali term for taking permission from neighbors who share boundaries with the business premises. Sarjamin document is needed to register a business in Nepal

4. Status of the issue

The issue was felt important by businesses and governments via the baseline survey conducted during the PPD, but it was remarkable to discover that no real discussion had ever been carried out. The business community has been facing the issue for quite a long time and even has instances of physical obstruction in the business premises by some neighbors. While the magnitude of the issue varies, most of the small businesses (trading and manufacturing) agreed that they are dealing with the issue on their own. One particular concern for the small businesses is that they would not have enough capital for a relocation because of the soaring prices of the land in the area. The small businesses, considered as the lifeblood of the Nepalese economy, are hard hit by this conflict. These businesses try to please the community by contributing financially to community events. All of the businesses are required to take permission from people who have residences or land adjoining the businesses premises before any businesses are set up. Without agreement from the neighbors, the ward office does not give permission to register the businesses. Citizens understand this compulsion of the businesses and often put conditions before businesses for permission. The small business owners are forced to make financial contributions in community events, help build or repair roads and help construct temples, bus stops/stands, and other small community infrastructure. The government response on this issue is limited to establishing Industrial areas and trying to shift all businesses within these areas. However, the pace of establishing Industrial areas is very slow in Nepal. Additionally, the option to relocate to these industrial areas is more feasible for big manufacturing industries and not for trading. Most of the businesses which are facing such conflicts are trading in nature.

The following table shows the kinds of difficulties faced by selected businesses in relation to the conflict with neighbors. Citizens’ asking for financial contributions from businesses is the most common problem faced by these businesses followed by constant blame that business has led to traffic congestion and pollutants in the area.

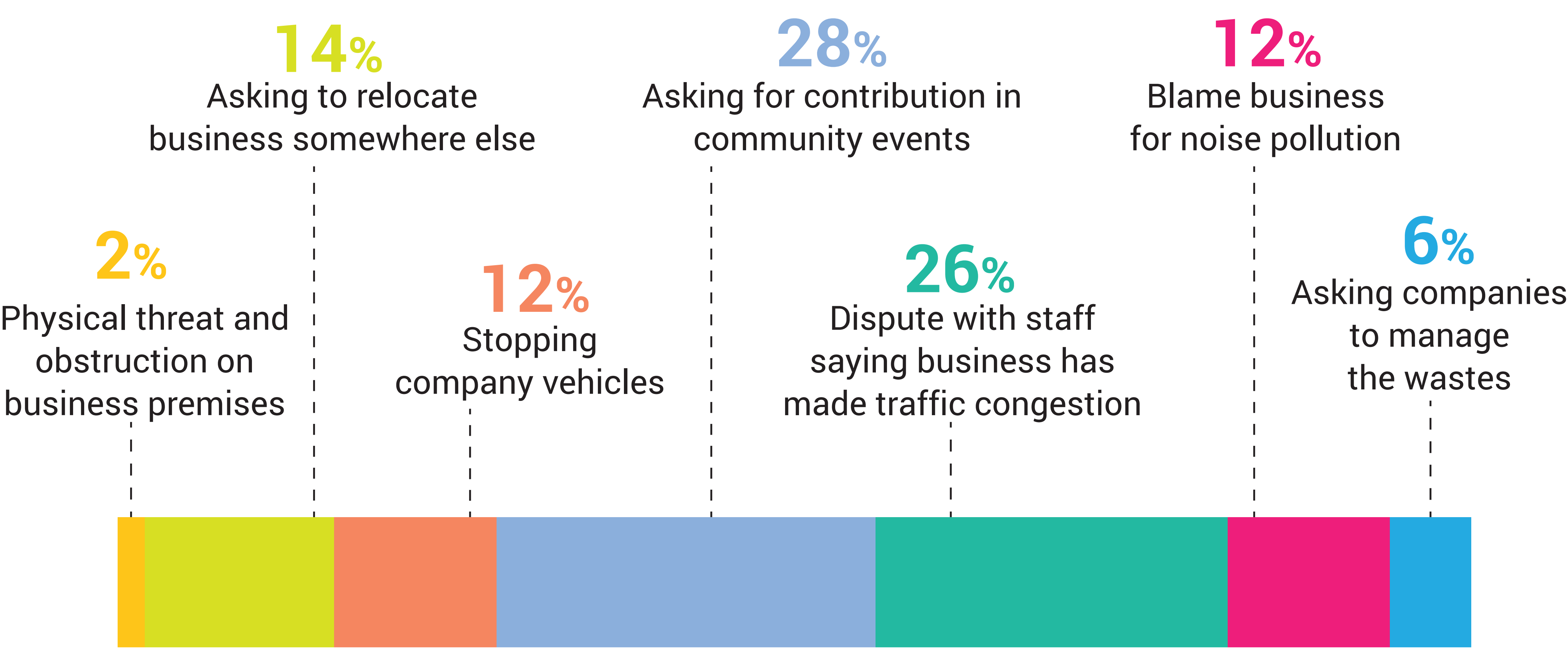


Figure 7: Types of issues faced by businesses with neighbors

There has been one complaint filed in the office of the local municipality with demands to close down 6 operating businesses in ward 11 of the Butwal Sub-metropolitan City. The members of the judicial committee have tried to negotiate a deal with local people and 6 businesses but the effort has not yielded any outcome. The citizens are adamant about closing these businesses in the area as they claim these businesses degrade the quality of life to which citizens are entitled to. In lack of any middle ground, the issue is pending. On a detailed study of the case, it was revealed that the businesses have operated in the area for quite some time and are unwilling to relocate as most of these businesses are trading in nature and would lose their competitive edge upon relocation. For these trading businesses, access to market (population) and availability of human resources (staff) is important to make them competitive. With relocation, they fear they would lose the competitive edge. According to Lambooy (1995), the ability to attract qualified staff and geographical distance from the market determine the competitiveness of small businesses. The activities of locally oriented firms have a relatively small spatial scope because people are in general not prepared to travel long distances for products of these small businesses of a trading nature.



Figure 8: Lumbini Province Planning Commission Vice Chair discussing the relocation issue

4.1. Drivers of Conflict

The land and location of any business are important factors. Businesses either operate by buying the land or undergo rental/lease agreements. In both cases, businesses are required by law to take permission from landowners adjoining the business premises commonly called “sarjain” in Nepali. There are no conditions set for neighbors to either reject or grant permission. It is up to the business owner to apply any means to take permission. When there were plenty of lands available, there was no issue. As the lands

have become scarce resources, the importance of regulating the process of taking permission from neighbors is felt among the business community. Under the present conditions, neighbors are given much power to decide the fate of small businesses. One of the women entrepreneurs said “it is not enough for us to buy land to build a factory. I have been asked to contribute to NRs. eight hundred thousand for temple construction in exchange for the permission agreement among neighbors. She asked, “Is this not extortion in the name of community infrastructure? Where is my right to an enterprise?” Another entrepreneur who owns a brick factory said “We cannot operate our businesses without taking neighbors into confidence. The government has failed us to provide any protection in these issues. It lets us operate businesses but does not provide us any coverage while we deal with unnecessary demands from local people.” There should be some conditions for which neighbors cannot reject the permission if the enterprise is fulfilling all the social and environmental standards. This is an area that needs much dialogue, mediation, and strict

regulation as per rule. There should be specific conditions under which permissions are required and others under which no permission can be granted. Additionally, the urban development plans of the government must also include a mechanism to fix the terms of “sarjamin” for a fixed period of time. If permission from neighbors is time-bound, the businesses can make plans for relocation after the period of permission expires. For instance, if an entrepreneur undergoes a rental agreement of land and takes “sarjamin” for a period of 15 years, it is clear for him to make an alternative arrangement after the sarjamin period expires. The entrepreneurs will not face any demands for relocation or disturbances for at least 15 years. With the present conditions, neighbors can grant permission this year and again file complaints with the government in the following years.

4.2 Effect on the Business Community

All businesses are affected by this dispute between the neighbors and businesses. The majority of the businesses feel that businesses cannot operate without compromising with neighbors’ demands. One of the well-established furniture entrepreneurs said “while registering our business we are made to commit that we will shift our industry premises if in case neighbors get nuisance due to the business. There is no protection for businesses which face conflict with neighbors.” The operational costs of businesses increase as disputes between businesses and neighbors increase. The majority of the small businesses are facing the brunt in comparison to a small number of big businesses. Small businesses must be located close to the market. They operate from places near urban areas because of the availability of public infrastructure. Because of the accessibility, their investment in human resources is limited to the payment of salaries and insurance coverage only. Relocation will increase their investment in human resources. If these small businesses must be relocated, they will lose their competitive edge and their business operation costs increase which is detrimental to them. In such a scenario, most of the small businesses have no choice but to try to please neighbors at any cost. Experts agree that a relocation over a long distance has the most disruptive force on the business’s internal processes and its employees (Carter 1999) leading to higher employee turnover rates and dissatisfaction (Lawson and Angle 1998). According to the survey conducted as a part of the study, it was revealed that the production costs and marketing costs of these businesses will increase by 15% and 12 % respectively if these businesses have to be relocated. The following table shows the responses of the effect of relocation among selected businesses.

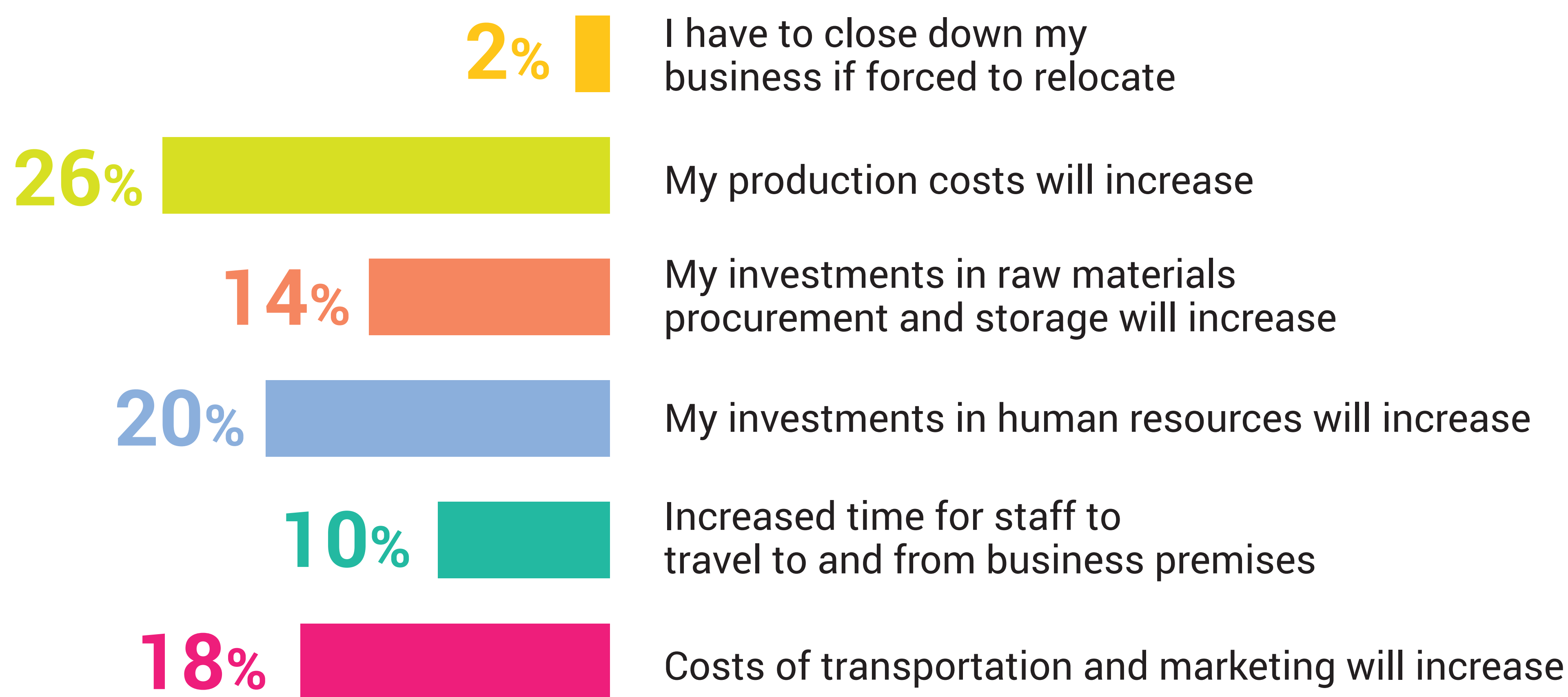


Figure 9: Effect on business if relocation is imposed

4.3 Demands from the Business Community

There are two specific demands from the business community pertaining to the friction between neighbors and businesses. The business community wants the association of businesses at the province level (FNCCI, CNI, and FNCSI) to conduct wider research on the number of businesses that are facing the problems of dispute with neighbors so that these business associations lobby with the government for some policy actions. Another demand from the selected businesses is related to allowing them to stay at their existing places or subsidizing their costs of relocation. The results of the survey among selected businesses revealed that most of the businesses demanded that they be supported to conduct their businesses in the existing place. The following figure shows the demands of the selected businesses in trying to solve disputes between neighbors and businesses.

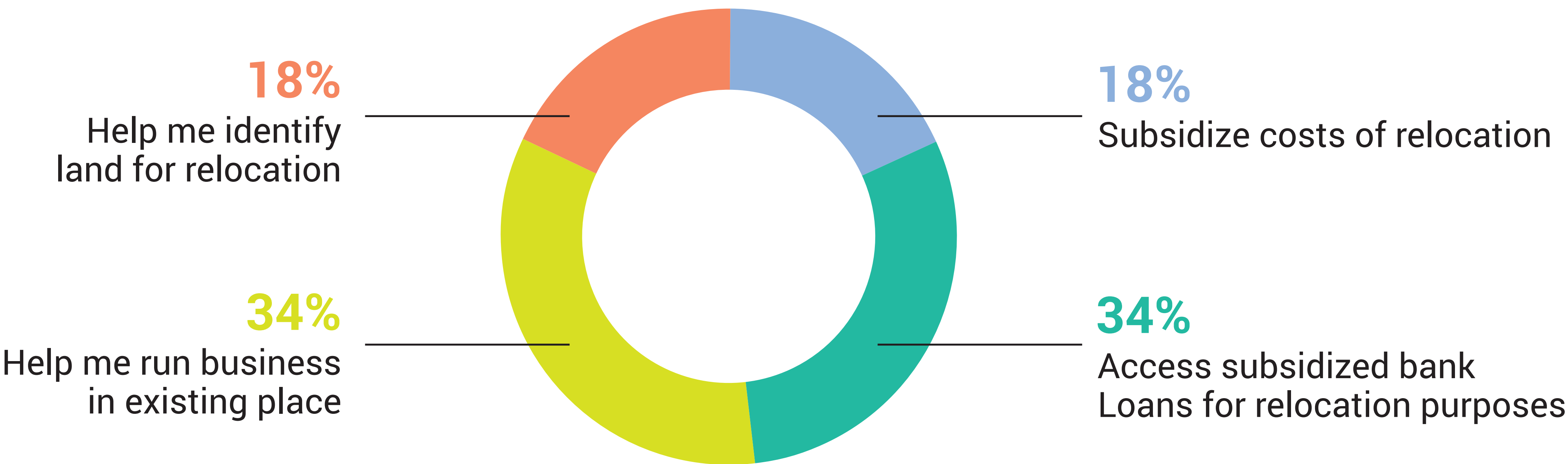


Figure 10: Demands from the businesses

5. Conclusion

There is an urgent need to address the growing tension between small businesses and local people who reside in adjoining areas of industries/businesses. The rights to an enterprise of businesses often come into conflict with the right to secure and peaceful livelihood of local people. On one hand, local people are entitled to their rights to peaceful life while businessmen also have the right to an enterprise. The problem is severe in the majority of urban centers in Lumbini province, especially those urban centers which are known as industrial and trading hubs. People have been found to complain about the nuisance value in terms of pollution, traffic congestion, noise pollution, etc. with local and provincial governments. The existing legal mechanism at the local level and province level does not provide ways to solve the issue. The process of taking permission from neighbors who share boundaries with business premises is unregulated with no conditions set whatsoever. The neighbors who share boundaries with businesses, can and do make demands upon businesses. Even after taking permission from the neighbors, businesses are not sure until when they will be given the opportunity to run businesses in the same place without facing any difficulty from local people. There is a need to assure businesses that after taking permission from neighbors under conditions set by law, they will not be asked to relocate for a period of time-based on the period for which the permission is granted. It is equally important to hear citizens' concerns regularly over business making their dwellings unlivable and find peaceful solutions. All local governments must designate areas that can be allocated for businesses. Permission to operate businesses should not be given in those areas which are not designated. The business community will locate their businesses in designated areas only where they can freely operate their businesses. For businesses that need relocation, the government should also support them accordingly. Overall local governments must devise a policy for relocation such that businesses do not lose their competitiveness upon relocation. Businesses must also be allowed to operate on the premises after having taken permission from neighbors for a fixed period of time.

6. Recommendations

There is a clear need for a more in-depth search on the magnitude of the problem emanating from the conflict between businesses and citizens who reside in the adjoining areas. Because the issue is very sensitive, the proposed solution should also be considered by taking into confidence the perspective of the business community, government stakeholders, and affected citizens. While there is a clear need for strict monitoring of businesses regarding their compliance with environmental issues, citizens should not be allowed to obstruct the operation of businesses. During the PPD conducted on the topic “Sensibilities of the Industry Relocation in Lumbini province” dated November 19, 2021, stakeholders discussed various ways to address the issues of reducing the conflict between citizens and businesses. The recommendation section is constructed based on the recommendations suggested and agreed by various stakeholders during the PPD.

6.1 Setting strict criteria for “sarjamin”

There is an urgent need to enforce control upon the demands of neighbors in order to grant permission for businesses. Citizens should not be allowed to curtail the right of businessmen to secure livelihood and enterprise. Likewise, businesses should not use access to politics and finances to bypass laws. The existing provision for taking permission from neighbors should be upgraded with specific conditions under which permission cannot be denied and permission should remain valid for a fixed period of time. Neighbors should not be allowed to obstruct businesses with demands for relocation when the “sarjamin” period is still in operation. At the same time, a strict inspection of businesses with respect to creating boundary walls, waste disposal, and noise and air pollution should be regularly checked.

6.2. Categorizing the Businesses

The government should categorize businesses based on their effect on the right to a peaceful life. Those businesses which have the potential to affect local people’s right to peaceful life by creating public nuisances should not be allowed to operate in designated areas. Government should designate areas for businesses according to their potential effect on public life. In designated areas only, businesses should be allowed to operate by taking permission from the neighbors for a fixed period of time. This effort of the government must be seconded by the establishment of industrial/business zones for industries. There are already documented cases of industries that can relocate as against industries that cannot be relocated. Most manufacturers find it easier to relocate than traders. The decision to relocate must be taken by the business unit and it should not be forced upon by citizens or the government.

6.3. Assessing the Negative Effect of Businesses

There is a need for devising scientific mechanisms to assess the negative effect of the business operation in terms of creating public inconvenience. Periodic inspection of the effect of businesses

in public life can be done by institutionalizing an auditing framework for environmental safeguards, waste management, and other public nuisance created by the presence of the businesses. Relocation should be mandatory for such businesses which have created hazards on public life. Governments must support businesses to relocate with certain waivers in taxes or financial support for relocations. In order to achieve this, a detailed study at the government level needs to be carried out by implementing an assessment of compensation means and alternative operating procedures for industry owners.

6.4 Broadening the scope of the judicial committee

There should be a mechanism to settle disputes among businesses and local people at the local government level. The scope of the judicial committee should be broadening to address the conflict between businesses and local people.

6.5 Institutionalize Public-Private Dialogue

The business associations must create a public platform to discuss ways to address if any dispute arises between businesses and local people. The practice of Public-Private Dialogue should be institutionalized at local governments' level such that conflict between businesses and local people are discussed in such forums. Local and provincial governments should host PPD in collaboration with the business community, local communities, CSOs, and media. The culture of open and interactive dialogue will lead to peaceful and long-lasting solutions.

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