Background: The statutory framework for decentralization in Nepal was defined by the Local Self-Governance Act, 1999 and by the Local Self-Governance Regulation, 2000. In 2002, the Ministry of Health realized the need for reform to address the systemic deficiencies in the sector. In this spirit, the health sector strategies and implementation plans were developed. These reform initiatives have set the objectives and reform measures for decentralization. The objectives of the present study were: to analyze the implementation status of the health sector decentralization policy; to explore the factors affecting implementation; and to recommend measures for effective implementation.

Methods: The study adopted a qualitative research design with flexible sets of guidelines to connect theoretical paradigms with strategies of inquiry and methods for data collection. Flexibility in selecting key informants and interview questions for data collection, analysis and interpretation was a major characteristic of the design. Data were collected using in-depth interviews, focus group discussions, observation, analysis of raw data and text analysis. Thirty-seven key informants rich in experience and knowledge, seven focus groups discussions with participants representing different background and perspective, observation of health facilities and analysis of about 25 key policy documents provided the database for this study.

Findings: The goal of the decentralization policy in the health sector was in line with the overall national vision of the Government of Nepal. However, due to centralized management practices and lack of organizational reforms required for implementation, most of the planned actions could not be implemented. The findings show that major challenges for the implementation of health sector decentralization in Nepal were related to lack of adequate legal provisions, conflicting policy objectives, incomplete organizational reforms, lack of strategy for implementation, complex financing modalities, poor human resource management, lack of adequate preparation, political instability and weak capacity at all levels. The challenges faced by the local government in terms of authority and resources provided an insight into the dynamics of decentralization implementation at the district and village levels. Likewise, the environmental factors were so dominant variables that the effect of any effort to decentralization could hardly be assessed against this background.

Conclusions: Effective implementation of decentralization requires a new vision, changed attitudes and adequate capacity at all levels. Adequate preparation for implementation at national and district level is prerequisites. It is recommended to go step-by-step with adequate preparation, be cautious, inclusive and build capacity of central and local governments as decentralization implementation moves towards devolution.

Field of study: Public Health
Student's signature: [Signature]

Academic year: 2009
Advisor's signature: [Signature]