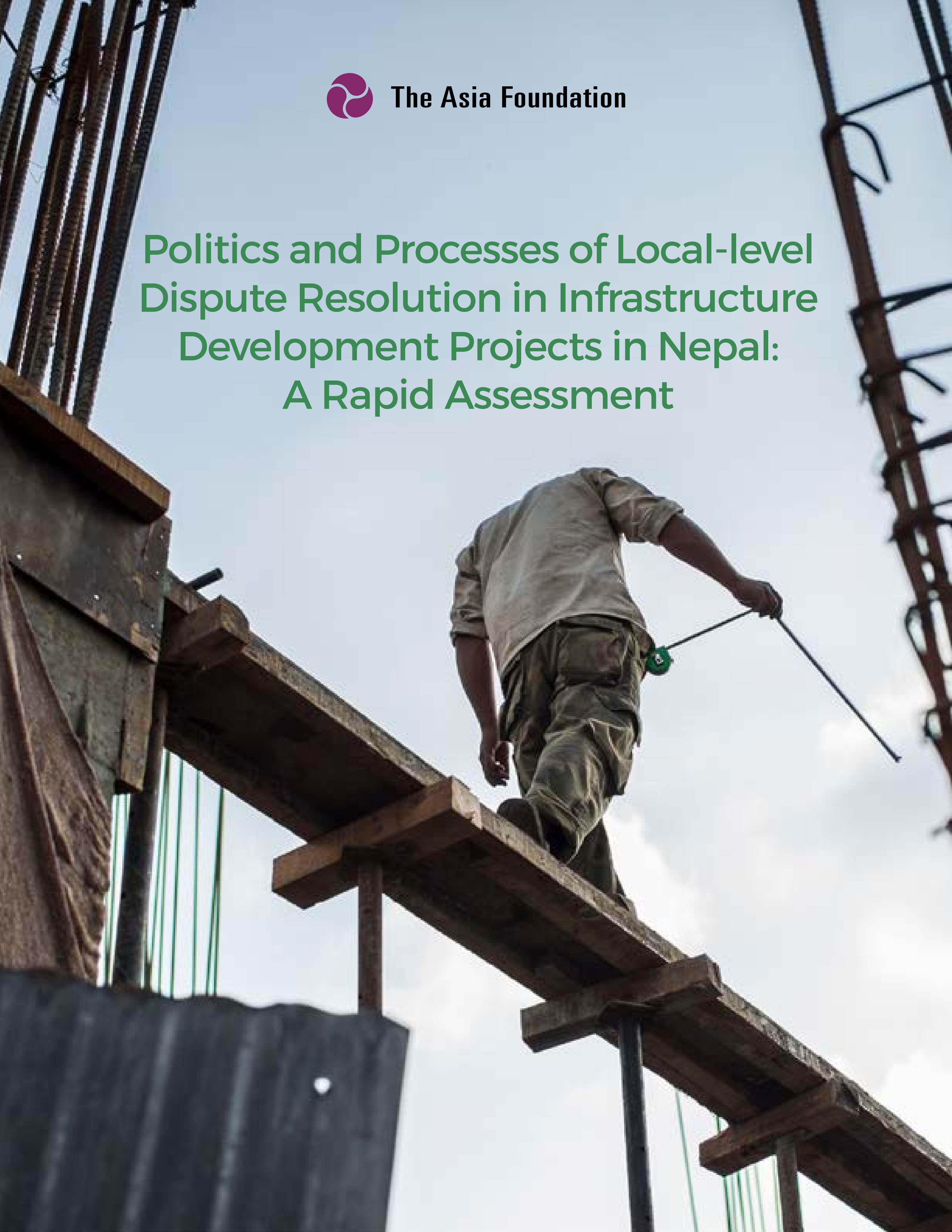

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Politics and Processes of Local-level Dispute Resolution in Infrastructure Development Projects in Nepal: A Rapid Assessment

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Introduction

Execution delays in large infrastructure development projects in Nepal are fairly common. There are multiple factors that contribute to the delays such as weak contract administration, design errors, local disasters such as floods and landslides, protracted contract-related disputes, delayed payments and red tape, political instability, delayed approvals on environmental controls, and, in many instances, local level disputes around land acquisition and cultural rights. This assessment focuses on local level disputes in infrastructure projects. It examines a set of cases to document prevailing typology of disputes, dispute resolution practices, legal basis and arrangements for resolving disputes, external political influences on the dispute resolution processes, and provides some evaluative commentaries on the efficacy of these arrangements.

We find that the government has limited its role in the dispute resolution processes to determination and revision of compensation rates that too limited to cases of land acquisition and damages to private property. This narrow-scope approach leaves out of its purview a variety of grievances around social, cultural, and environmental claims. Without a clear legal basis or policy guidelines, individual projects try to address these often-intangible claims by using the limited authority they have and, in most cases, fail to reach a resolution for a long time. In some instances, affected communities employ political tactics to extract higher compensation than determined by the government. The government as well tends to respond with political rather than administrative measures in some instances. The politicizing of the process most often happens when there are extended delays in settling the compensation and other claims.

Typology of disputes

We studied five infrastructure projects covering highways, hydropower plants, transmission lines, irrigation canals, and urban infrastructure development (See Annex I: Case Summaries for details). From these cases, the types of disputes that arise can be classified under three categories: inadequate compensation for the acquired land and demolished properties, loss of cultural sites or displacement from traditional lands, and environmental concerns. Very often, the affected community tends to raise all three concerns, but the longest disputes revolve around compensation rates for acquired lands.

Inadequate compensation: In all four cases[1]—with the exception of Kamal Pokhari Restoration Project in Kathmandu[2] —inadequate compensation for the acquired land is the core issue. At the root of the problem is the discord between government methods of calculating land value and the speculative escalation of market prices that usually follows the announcement of a project. The

[1] For Tanahu Hydropower Project: Complaint filed at ADB and EIB (11 February 2020); for Marshyangdi Transmission Line: Complaint filed to the European Investment Bank Project # 2013-0599 (8 October 2018); for Fast Track: Joint submission in the 37th Universal Periodic Review of Nepal, para 3-4 (July 2020).

[2] "Heritage conservationists carry out symbolic protest for conservation of Kamal Pokhari". *The Kathmandu Post,* 15 Jan 2021, www.kathmandupost.com/visual-stories/2021/01/15/heritage-conservationists-carry-out-symbolic-protest-for-conservation-of-kamal-pokhari

government valuates the land at a much lower price than the market to start with.[3] Government prices tend to be lower because a significant number of buyers and sellers in the Nepali land market underreport transaction values to lower their capital gains tax, which tends to bring the average tax price below the market price. Additionally, the difference between market and government rates for land can become much larger if the time between the determination of compensation rate and the payout of the compensation amount is longer than a year and it usually is. When there is active speculation going on in the market, a year or two can make a big difference, with land prices sometimes doubling within a span of a year. To add to these problems, government valuation usually arrives at a single, average price for the entire locality whereas market prices can vary significantly based on locations, even within the locality. These factors often end up creating a significant difference between the market prices and the compensation rates. In that sense, the costs of inaction in these disputes are very high and the longer the dispute drags on the wider the difference between the market price and government compensation rate becomes. This makes it more difficult to resolve the dispute.

Loss of cultural sites and displacement: Apart from the Babai Irrigation Project, all four cases have this problem to some degree, while most pronounced in the Fast-Track Project. Nepal's current laws on land acquisition do not allow the scope to assign cultural value to the land. All compensation calculations are based on the commercial value of the land. Those sites recognized by the Department of Archeology as heritage sites are given protection against alternative usage, but there are thousands of cultural sites valued by the local communities that are not listed as heritage sites. This is where most of the cases enter into prolonged disputes. Further, in the case of cultural sites located in public lands, the government is not legally obligated to pay compensation. Such cases too tend to get protracted over time.

Displacement occurs when the entire area of the land of the existing owner is acquired for project purposes. The problem with this proposition, even when the compensation rate is fair, is that the affected person has to move away from the community and settle somewhere else. The issue here is that, in most cases, the compensation is not adequate to purchase another piece of land nearby. This means that the affected person has to find cheaper land somewhere far away from the community with which he or she was living. In the same community, those who lose only a part of their land in the acquisition process, on the other hand, get the compensation, realize the added value on the remaining land because of the project, and still do not have to face the predicament of separating from the community. This is where the displaced households in the community begin to realize the inherent unfairness of the process. The rate of compensation for those who are likely to be displaced versus those who are likely to lose only a portion of their land must be different, but it is not. This too creates disputes for which the government, within the purview of the existing laws, cannot find an acceptable solution. The Tanahu Hydropower Project—as well as the Fast-Track—have disputes of this nature.

Loss of forests, water sources, and biodiversity: Project developers are required to conduct an Environmental Impact Assessment (EIA) on the project and submit it to the government for approval along with impact mitigation measures prior to initiating construction in all large infrastructure

[3] For full discussion on the subject please see Subash Ghimire, Arbind Tuladhar, Sagar Raj Sharma. Governance in Land Acquisition and Compensation for Infrastructure Development. American Journal of Civil Engineering. Vol. 5, No. 3, 2017, pp. 169-178. doi: 10.11648/j.ajce.20170503.17

projects. While EIAs are required to assess both direct impact of the construction activities as well as indirect impact on the surrounding areas, communities, plant and animal life, watersheds, and the local economy they are not required to quantify the indirect impacts. Infrastructure built in large stretches of land such as roads, canals, and dams do tend to disrupt surface and underground stream flows, split contiguity of forest areas, disrupt animal routes, increase human activity, and cause other localized impacts on the environment. Section 33 of the Environmental Protection Act does empower citizens to directly file a complaint to the local government for any environmental damage caused by any party and authorizes local government to impose a "reasonable" fine or compensation for damages, but environmental disputes of this kind go into multiple cycles of claims and counterclaims in the absence of quantitative data. Given these loopholes, most environment-related disputes initiated by communities that are not directly impacted as per the EIA[4] tend to drag on for a long time.

Provisions under the law

To ascertain the extent to which the types of disputes discussed above can be resolved on the basis of prevailing laws, we reviewed five laws: the Public Roads Act, Electricity Act, Water Resources Act, Local Government Operations Act, and Public Procurement Act as well as all policies, plans, and guidelines issued on the basis of these acts (See Annex II: Summary of Law Review for details). The laws do recognize that there could be disputes, particularly, around compensation amounts for acquired land as well as immovable properties located in the land, but they do not prescribe any dispute resolution mechanism apart from keeping the litigation route open.

Compensation for the loss of land and property is to be determined by a Compensation Determination Committee (CDC) headed by the Chief District Officer (CDO) and with representations from the local Land Revenue Office, local government, and the project office. Even as not all CDCs follow the same standards, in an earlier section, we have described how the compensation determination process often runs into disputes. Once a dispute erupts, it is entirely up to the CDC to engage or not to engage with the disputants. In practice, the CDC does conduct hearings to resolve the dispute in many instances. However, since dispute resolution is not legally mandated, most CDC-lead dispute resolution efforts slow down with time or get stuck at an impasse, never to be resurrected. With passage of time, some disputants take the litigation route, others choose to form "struggle committees" or accept the compensation. In the cases we reviewed, in four of the five instances, we found that there were people who readily accepted the compensation, there were those who contested the CDC in courts, and there were those who organized to challenge the compensation rate through protests. The split outcome, in some ways, dilutes the perception of injustice and weakens the case of the protesters.

On disputes not related to compensation for acquired land and property, namely disputes related to loss of cultural sites, displacements, and environmental harm, the sectoral laws are silent. These disputes usually end up in the local government, which can mediate between the disputants, if the sectoral agencies are willing to take part in a mediation process, but cannot do much beyond that. In addition, since Nepal is a signatory to a number of international conventions aggrieved communities have invoked Nepal's obligations under international conventions to seek redressal from other routes besides those recognized under Nepali laws. The international convention most regularly invoked in

[4] EIAs are required to identify and list the numbers of Project Affected Families (PAFs) and directly compensate for the damages.

infrastructure development disputes is the International Labour Organization's Convention on the Rights of Indigenous and Tribal Peoples (ILO #169). Articles 15 and 16 of the Convention obligate signatory governments to provide fair compensation for any loss or injury to the land and environment that indigenous people occupy and use. The "struggle committee" in the case of Marshyangdi Transmission Line Project, for instance, has appealed to the project financier European Investment Bank (EIB) to review and rectify the compensation criteria citing ILO #169. The EIB, for its part, has carried out an initial assessment[5] and is considering making further payments to NEA only on the basis of the progress made on an *updated* environmental and social action plan[6]. The updated environmental and social action plan is meant to remedy the situation but exact details of the plan could not be obtained.

Dispute resolution practices

Since the laws refrain from prescribing any dispute resolution mechanism other than the courts, a number of *ad hoc* practices have emerged on the ground. The following practices were noted in our cases and in literature.

Project-led dispute resolution initiatives: Protracted disputes cause delays in project execution, which in turn translate into financial losses. It is in the interest of the project office to resolve disputes as quickly as possible. In the cases we studied and elsewhere too, it is the project office that is at the forefront of the dispute resolution effort. Project personnel are usually not trained in mediation practices, and they carry the obligation to protect the interest of the project. This makes a project-led dispute resolution initiative a negotiating platform rather than a mediating one. At the core of this negotiation is financial calculation. Project officials estimate the depth of the dispute, potential delays, and resultant financial losses against the cost of resolving the dispute including added compensation amount to make the call on whether and to what an extent they can accommodate the claims of the disputants. At the same time, since most of the large infrastructure projects are government projects, the bandwidth of accommodation is fairly narrow. Government officials cannot defy the government's own compensation determination process. By contrast, we have seen in the hydropower sector that private developers resolve local disputes much faster largely because they are not bound by government rules[7]. This clearly indicates a need to make the government's compensation determination process more flexible and reasonable.

Agency-led dispute resolution initiatives: Once the project office exhausts its authority and resources to resolve the disputes, the implementation agencies tend to step in. There is no substantive difference between the agency-led and project office-led processes, as both are negotiation-centered processes, but agencies can mobilize higher authority and resources to find alternative ways of compensating the community. For instance, agencies can seek cabinet approval to provide an alternative site to relocate cultural sites with the consent of the community or they can guarantee employment to aggrieved families. Options of this nature are not available with the project office. In two of the five cases we

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[5] European Investment Bank, Initial Assessment Report regarding complaint SG/E/2020/02, p.11 (16 April 2020).
[6] European Investment Bank, Conclusions Report regarding complaint SG/E/2018/39, p.viii (16 March 2021).
[7] Aryal S, Dahal RK (2018) A Review of Causes and Effects of Dispute in the Construction Projects of Nepal. J Steel Struct Constr 4: 144.

studied, agencies have stepped in. In the Fast-Track case, the government has designated the Human Rights Directorate of the Nepal Army to negotiate with the aggrieved community. Similarly, in the Marshyangdi Transmission Line Project, the Nepal Electricity Authority has stepped in at the behest of the financier European Investment Bank,.

It is unclear if the Human Rights Directorate of the Nepal Army has the experience or the capability to handle the dispute more efficiently and delicately than the project office. The unit is not trained for the purpose but is known within the army to be the unit with the most extensive public interface. In the case of the Nepal Electricity Authority, however, the agency is able to bring years of experience and specialized units such as the Environment and Social Studies Department into the negotiation process. Agency intervention in this sense can sometimes bring qualitative changes in the dispute resolution process. At the same time, engagement of a higher authority sometimes deepens the power asymmetry between the parties in dispute.

Local government-led dispute resolution initiatives: Local government-led dispute resolution processes have certain features that project offices or agencies cannot provide. Barring instances where the local government itself is the proponent of the project, such as the Kamal Pokhari Restoration Project case in which the Kathmandu Metropolitan City itself is the proponent, the involvement of the local government brings certain qualitative changes to the dispute resolution process. First, a local government-led process comes closest to a third party-led mediation process whereas the agency or project office-led processes are negotiation between disputants. This immediately works to neutralize some of the effects of power asymmetry in the dispute resolution process. Second, local governments have an interest in appeasing their own voters and the community's confidence in the process increases when locally elected representative are seen to be driving the process. Third, since local governments have a regular quasi-judicial role in the community and a judicial committee that has the experience and sometimes the training to run mediation processes, local governments tend to be more effective in resolving disputes of this nature.

At the same time, local governments do not always have a political incentive in intervening in compensation negotiations. Since local governments cannot use their own authority to pass orders on federal government agencies, they rarely have any control over the outcome of the process. This makes intervention in compensation disputes a politically risky proposition for the local government. Second, the agencies and project offices do not wholly trust the local representative as neutral actors and see them as being loyal to their electorate. Third, since local representatives are a part of the Compensation Determination Committee, they cannot morally engage themselves in the mediation process where revision of the compensation rate for the acquired land is the issue. They do not have this moral drag in cases where the dispute is around environmental damages or damages to cultural sites.

Although it may not be fair to compare the handling of the Kamal Pokhari Restoration Project to much larger projects like the Fast Track, given the political dynamics discussed above, local governments appear to be much more effective in resolving disputes on infrastructure development compared to agencies of the federal government.

Politics of dispute resolution processes

As discussed at the outset of this paper, most local-level disputes start with technical or administrative mishandling of the problem. There could be problems around compensation determination, or insufficiently analyzed environmental and cultural impacts, or even unnecessary delays in settling compensations; very often lack of transparency and access to information exacerbates the situation as well. The initial phase of the dispute resolution process too rarely emerges as a political issue. Once the dispute drags on beyond the first response, the issue becomes gradually more political with the passage of time. The aggrieved community begins to organize protests to draw popular sympathy to their cause. Other constituencies including political parties see political opportunities in siding with the protesters or, at times, undermining the protests. Sometimes the aggrieved community tries to nationalize the dispute by portraying it as an assault on the entire ethnic group as has been the case in the Fast Track Project and the Kamal Pokhari Restoration Project. There are also instances, such as the Marshyangdi Transmission Line Project, where the protesting community has successfully managed to internationalize issue by invoking ILO Convention #169 and approaching the financier European Investment Bank directly.

There are also instances where the government's response appears to be more political rather than administrative. Since large infrastructure projects have a much wider range of stakeholders than the local community, the government often finds it expedient to mount political pressure on the local community by amplifying projected needs of the broader set of stakeholders. The Fast Track Project, which is an expressway connecting Kathmandu to Madhes, has significant support in Province 2 and the government portrays the protesting community as "anti-development forces" that could undercut development in Province 2. This kind of political maneuvering pits one community against the other, making it easier for the government to undermine the voices of the protesters. There are also other pressure tactics employed in the Fast-Track Project such as starting the construction from the end-point (Nijgadh) rather than from the starting point (Khokana) where the community is protesting[8]. Once the $1.5 billion dollar expressway is 90 percent built starting from the other end, it will be politically very difficult to obstruct construction of the expressway in Khokana.

Conclusion

For a country like Nepal, which is in the early stages of its infrastructure development, continued lack of reform in its land acquisition, dispute resolution, project planning and consultation, and environmental and cultural protection policies can become a serious constraint for future growth. The government has no choice but to compensate its citizens at market prices. It is not just the higher cost of land acquisition that makes a project expensive, as extended disputes and the resultant delays in project execution drive the costs up as well. In the long run, the government will be better off streamlining the compensation determination process and paying landowners at market prices than causing avoidable delays in every infrastructure project across the country.

[8] "Remaining work of Fast Track Project to being from Nijgadh." *The Rising Nepal,* 5 April 2021 www.risingnepaldaily.com/business/remaining-work-of-fast-track-project-to-begin-from-nijgadh.

The current position taken by the government, which is essentially to say "if you are not satisfied with the compensation, go to court" is proving costlier than institutionalizing a credible third-party mediation process to expedite the settlement. An early move in this direction is particularly urgent as courts in Nepal are perpetually battling a backlog of cases and it takes years for cases of this nature to resolve.

The culture of consultation is also very weak across the government. A project that has conducted adequate local-level consultation usually can anticipate the type of community resistance that it is likely to encounter during implementation. The added investment on consultation during the design stage can avert prolonged dispute with local communities as in the case of the Marshyandi Transmission Line Project. This project failed to anticipate the demand for compensation from landowners whose lands were not directly used by the project but would come under the high-tension lines. The passing of high-tension lines over the land lowers the market price of the land, but this loss was not adequately compensated.[9] This problem alone has now stalled the project activities for over a year.

What is culturally and ecologically valued in a local community is very difficult to capture without local consultations and it is methodologically difficult to assign a dollar value as compensation to the loss of a cultural site or damages caused to the local ecosystem. These challenges notwithstanding, a broadly acceptable method of calculating costs on the environment and culture has to be developed, fine-tuned, and adopted. This is important also because without putting a binding obligation on infrastructure projects to pay for such local-level damages, the perverse incentive to continue to turn a blind eye to these matters will persist among project developers.

Recommendations

Change the compensation determination methods to accurately reflect the market prices. While this paper is not in a position to recommend a particular method, there are global and regional standards and practices on fair compensation that can be adopted in Nepal. The current practice of empowering the Compensation Determination Committee to adopt its own methodology based on the context is helpful but some of the methods used by CDCs ought to be discontinued. The key distortion factors that should be discontinued include using tax prices as market prices, using single undifferentiated prices for all lands in a locality, delaying payouts after settling the compensation rate, and not differentiating between those who lose part of their land and those who lose the whole of their land. Those who lose part of the land usually get over-compensated from the benefits of the infrastructure over time but those who lose the entire land cannot realize future benefits that come because of the infrastructure. It would also be helpful if the compensation policy took into account the cost of avoidable delays and the benefits of early settlement of the dispute, while revising compensation rates.

[9] The government offers 25 percent of the land value but the local community feels that is not adequate compensation for the losses.

Institutionalize third-party mediations on local level disputes. The current arrangements only offer negotiating platforms for the disputants. This paper has already pointed to the power asymmetry in current practices, which makes it more difficult to arrive at a mutually acceptable solution. Using mediation instead of negotiation has benefits; it is normally easier to locate bottom-line positions and meeting points in a mediation compared to a negotiation. The government can consider a specialized unit within the government or even arrangements for trained mediators to be hired for the purpose. Shifting from negotiation to mediation is also likely to reduce the use of political tactics both by the affected communities as well as the government as the utility of mobilizing external support is less in mediation compared to negotiation.

Improve consultation and communication at the design stage. While projects do claim that they have conducted adequate consultations, the "unanticipated claims" that emerge after the land acquisition and construction phase begin clearly shows the inadequacy of initial engagements at the local level. It is also important to improve the quality of engagement as well as inclusion in public consultations. In most cases, contestation from the local community comes as a surprise to project officials. Making the consultation process more diligent helps to avoid such surprises. Improving communication practices to ensure that there is full and proactive disclosure of project details tends to curtail local-level rumors, confusion, and misunderstanding significantly.

Empower local governments to determine compensation for cultural and environmental losses. Since EIAs and other instruments cannot fully capture all potential local-level environmental and cultural loss or injury, a local assessment should be preferred. Local assessments can be more accurate, easier to verify, and more legitimate to the community. The Environmental Protection Act already provides the authority to local governments to assess environmental damages and impose a fine on or receive compensation from the persons or entities responsible for the damages. This can be further extended to damages to cultural sites. The government will have to issue guidelines on how to assess the damages and calculate a compensation amount so that potential misuse of the authority can be minimized.

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Annex I: Case Summaries

Case	Claims	Counterclaims	Grievance Redressal Mechanism	Actions/Practices
Kathmandu-Nijgadh Fast Track constructed by the Nepal Army. Location: Khokana, Lalitpur	Mass displacement of the indigenous peoples from Khokana and Bungamati Impact on social and cultural rights	Project has not formally received any complaints.	Project-level GRM does not exist. In April 2021, a committee was formed under the National Planning Commission to receive and assess grievances and forward its recommendations to the Nepal Army.	In May 2021, government designated the Human Rights Directorate within the Nepal Army as the competent authority to resolve disputes over the project. Struggle committees claim that they are unaware of the arrangements under the NPC and the Directorate.
Babai Irrigation Project implemented by Department of Water Resources and Irrigation. Location: Baidi, Bardiya.	The complainants will have to relinquish more land than originally determined. Compensation offered is inadequate.	Compensation has been determined by the Compensation Determination Committee (CDC) following extensive stakeholder consultations. Time for appeal has lapsed.	Project-level GRM does not exist. Grievances are resolved on an ad-hoc basis by project officers, Irrigation Users' Association, and local elected representatives.	Project's information officer receives, screens, and resolves grievances per his/her discretion.
Tanahu Hydropower Project implemented by the Nepal Electricity Authority. Location: Rishing, Tanahu.	Impact on the environment, social and cultural rights Inadequate compensation for acquired land.	Local Consultative Forum (LCF) held several consultations to mitigate the social, cultural, and environmental impact. Compensation is determined by the CDC. Time for appeal has lapsed.	LCF as project-level GRM. Avenues to appeal to the NEA or the project office are open.	Struggle committees not aware of the LCFs or their mandate. Complaint was filed at the complaint mechanisms in ADB and EIB (project financiers). They have concluded that the LCFs were ineffective.

Case	Claims	Counterclaims	Grievance Redressal Mechanism	Actions/Practices
Marshyangdi Corridor Transmission Line implemented by the Nepal Electricity Authority. Location: Lamjung	Impact on the environment, social and cultural rights Inadequate compensation for acquired land.	Project convened several consultations and public hearings to discuss the impact and mitigation strategies. Compensation is determined by the CDC. Time for appeal has lapsed.	Project-level GRM was established. Project Management Unit/Directorate within NEA is responsible for managing grievances.	Struggle committee claims to be unaware of the GRM. Complaint was filed at the complaint mechanisms in ADB and EIB. Mediation is in progress.
Kamal Pokhari Development Project implemented by the Kathmandu Metropolitan City Office. Location: Kamal Pokhari, Kathmandu	Encroachment on cultural site. Damage to the pond's ecosystem.	Department of Archaeology (DoA) has not designated Kamal Pokhari as an archaeological or cultural site. Project plan was developed after extensive consultations with local representatives, residents, and officers from the DoA.	Project-level GRM does not exist. Grievances are submitted to KMC through phone, email, or website.	KMC has invited protesting activists along with ward members for consultations. Some consultations have been held.

Annex II: Law Review

	Provisions related to dispute resolution in infrastructure laws.	Dispute Resolution Mechanisms (DRMs) as defined in law.	Provisions in other instruments such as policies, guidelines, and special purpose directives.
Road	The Public Roads Act, 2031 (1974) uses a rather archaic concept of "obstructions". In case of any obstruction in the construction or maintenance of road, the Department of Roads can remove the obstruction and pay for any damages to property, material, or land.	There is no provision of dispute resolution mechanism in the law. The determination of the Department of Roads is final but is open to challenge in the courts (Sections 17,18).	None of the administrative instruments (policies, directives) have provisions for DRMs.
Energy	The Electricity Act, 2049 (1992) does not deal with dispute resolution.	The Act keeps open the possibility of challenging the authority in courts if the aggrieved party is not satisfied with the compensation for damages caused or penalty imposed.	The Hydropower Policy (2001) has provisions on settling disputes in case of foreign investments.
	The Electricity Regulatory Commission Act, 2074 (2017) has provisions for dispute resolution between the licensee and licensing authority over claims made.	The law deputes Electricity Regulatory Commission as an authority to resolve such disputes.	
	A new bill Electricity Act, 2076 (2019) mentions that compensation can be given on acquired lands (Section 37). This bill is yet to come to force.	There is no mention of dispute resolution mechanism in the bill.	
Irrigation	Matters related to irrigation are incorporated in the Water Resources Act (1992), which has provisions for compensation for acquired land and project-related damages to crops and	No mechanism for dispute resolution related specifically to irrigation as such exists.	The Irrigation Policy (2013) does not specifically mention disputes or dispute resolution mechanisms. The Irrigation Master Plan

	material, but the law does not get into dispute resolution.		(2019) mentions the prospects of disputes resulting from the distribution of water for irrigation purposes, but dispute resolution mechanism is not defined. The National Water Resources Strategy (2020) mentions that the government will resolve inter-governmental disputes and will make institutional arrangements related to do so.
Local development	The Local Government Operation Act, 2074 (2017) has given rights for the local governments to devise laws, regulations, standards, and mechanisms related to local development projects. (Section 11) and leaves space for local governments to develop their own dispute resolution mechanism.	No specific mention of mechanisms exists in the law. This role is generally delegated to local governments.	The Municipal Grievance Redressal Guidelines, 2075 are formed by some local governments to deal specifically with redressal of grievances. The Local Government Public Procurement Rules, 2075 have provisions of dispute settlement mechanisms.
Public procurement	The Public Procurement Act (2007) recognizes that there could be disputes between the government and suppliers (Section 58).	The law expects that disputes will be settled amicably to the extent possible. If an amicable settlement is not possible, disputes can be settled through an adjudication or a three-member dispute resolution committee or through arbitration.	The Public Procurement Regulation (2007) lays out provisions of amicable settlement and arbitration for the settlement of disputes, reiterating the same provisions mentioned in the Public Procurement Act, 2063 (2007)