



Nepal Geographical Society (NGS) Webinar Series – 3rd Episode

NGS Successfully Organized Third Episode of NGS Webinar Series

Nepal Geographical Society (NGS) has successfully organized third webinar on 9 October 2022 based on its plan of organizing webinars series in different crosscutting contemporary issues from geographic perspective. Dr. Keshav Kumar Acharya was the speaker of the event and had presented his research work **“Federalism and Participatory Local Governance in Nepal”**. In the third episode of NGS webinar, there was joined participants from different countries i. e., Nepal, China, India and USA including professional geographers/geoscientists, universities professors/faculties, researchers working in different sectors, head of local levels and students actively participated on the event. Following the presentation, interesting discussion was held. Dr. Acharya responded queries and comments raised by the participants.

Mr. Tibendra Raj Banskota, Joint Secretary of NGS hosted the event with welcoming to the speaker and all the participants. The next, Dr. Basanta Paudel, the General Secretary of NGS has delivered vote of thanks and appreciations to the speaker and all the participants of the event. The 4th episode of the webinar series will be held on first week of November, 2022 on another geographic theme.

Once again Nepal Geographical Society express sincere gratitude to the event presenter Dr. Keshav Kumar Acharya and the all the participants of the event.

About Speaker and Abstract

Title: Federalism and Participatory Local Governance in Nepal

Abstract: This study examines how far Nepal's current practice of federalism has progressed toward people's aspirations, based on power separation, public trust, power equalization, and intergovernmental relationships. Primary data was collected on purposely 72 key informant interviews, which were then triangulated by the KII response. Finding demonstrates that functions and authorities were devolved in accordance with the principle of separation of powers at all three levels of government. However, the constitutional provisions were completely disregarded, and power was centralized by an unholy alliance of political leadership and bureaucracy. Second, people expected the democratic government to take a welfare approach to ensure greater pluralism and alliances, but special interests of politicians for their election constituencies, as well as identity-based issues, caused havoc in the effective operation of federalism. Third, the provision of three tiers of power-sharing mechanisms was based on coexistence, cooperation, and coordination. However, the federal government appears hesitant to support sub-national governments due to the centralized mindset of bureaucrats and politicians. Fourth, the constitution has focused on intergovernmental relations, but such relationships fail due to imbalances in vertical and horizontal relationships, fiscal dependency, and the bureaucracy's power-seeking attitude. In the end, two key questions for the discussions are raised. First, the institutionalization of accountability at the local level is it a true commitment, or is it merely an ivory tower? Second, the provision of autonomy has been used as a means of transformation or simply as a bargaining tool at the local level?

Keshav K. Acharya is Governance Advisor of Capacity Development Support to Governance Project of GIZ Nepal. His main interest areas are federalism, local governance, public policy, capacity



Speaker:

Keshav Kumar Acharya, PhD
GIZ Nepal
Email: keshavkacharya@gmail.com

development, regional/urban planning, service delivery, peacebuilding, and community development. He holds a PhD from the University of New England, Australia in 2013, MSc from the Asian Institute of Technology of Thailand in 2005, and MA in 1996 from Central Department of Geography, Tribhuvan University, Nepal. As a development expert, Dr. Acharya worked in different multilateral and bilateral organization positions for more than 25 years. Additionally, he has written some books, articles, and research papers published in peer-reviewed international journals and book chapters.



Nepal Geographical Society Kirtipur, Kathmandu,
Email: ngs@ngs2018.org.np
Website: <https://ngs2018.org.np/>
9 October 2022, Wednesday



Nepal Geographical Society (NGS) Webinar Series – 3rd Episode

Some Glimpse of the Third Episode of NGS Webinar Series

FEDERALISM AND PARTICIPATORY LOCAL GOVERNANCE IN NEPAL

Keshav K. Acharya
9th October 2022

us06web.zoom.us is sharing your screen. [Stop sharing](#) [Hide](#)



Keshav K Acharya

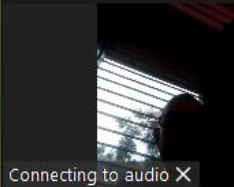


Nepal Geographical Soc...

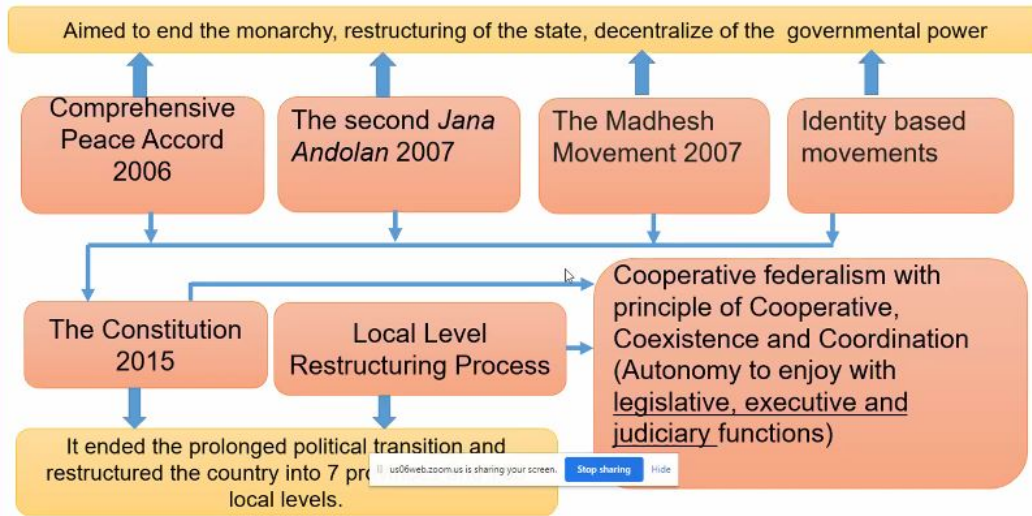
Sangram Lama
Sangram Lama

Tibendra Raj Ba...
Tibendra Raj Banskota

Mahesh Pathak
Mahesh Pathak

 Keshav K Acharya	 Nepal Geographical Society	 Tibendra Raj Banskota	 Connecting to audio X
Mahesh Pathak Mahesh Pathak	Bhola Nath Dhakal Bhola Nath Dhakal	Manoj Marasini Manoj Marasini	Til P. Pangali Sha... Til P. Pangali Sharma, PhD
Dil Kumar Rai Dil Kumar Rai	Prajwal Ghimire Prajwal Ghimire	Sangram Lama Sangram Lama	Mohan Kumar Rai Mohan Kumar Rai
Ritu Raj Bhandari Ritu Raj Bhandari	Jyoti Karki Jyoti Karki	 Binod Adhikari	 Ravi Sitaula

A) BASIS OF FEDERALISM NEPAL



B) NEPAL'S UNIQUE FEDERALISM PRACTICE

- Constitution 2015 aims institutionalize federalism to achieve the **good governance, lasting peace and prosperity**.
- federalism is based on the principles of **cooperation, co-existence, and coordination**.
- Grants the number of exclusive and concurrent rights to **all 3 tiers of the governments**,
- Decentralization of power and functions as well as allow the revenue assignments to all 3 tiers of the governments
- Authority grants to enact the laws, formulate budget and programs, staff arrangement and revenue mobilization to all 3 tiers.
- Power separation mode at federal provinces whereby consensus has been built for LGs.
- The LGOA 2017 promulgated to **unfold the unbundling functions** that grants LGs to (i) formulate periodic/annual/strategic and sectoral plans, (ii) administrative functions, (iii) constitute governing structures, (iv) preparation of laws, and (v) carry out the development projects.



Sangram Lama

Sangram Lama

Tibendra Raj Ba...

Tibendra Raj Banskota

Mahesh Pathak

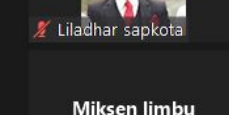
Mahesh Pathak



Binod Adhikari

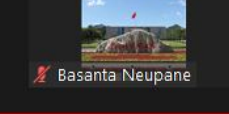


Ravi Sitaula



Liladhar sapkota

Miksen limbu



Basanta Neupane

NEPAL'S UNIQUE FEDERALISM PRACTICE

The Constitution 2015 assigns the functions to all 3 tiers based on Principle of subsidiarity

- 35-Exclusive rights for Federal Government
- 21-Exclusive rights for Provincial Governments
- 25-Concurrent rights for Federal and Provincial Government
- 22-Exclusive rights for Local Governments
- 15-Concurrent rights for Federal, Provincial, and Local Government

1	Federal level	Tasks that need national integrity, currency and monetary affairs, national security and defense, regulation, setting of standards, external relations, inter-provincial nature of work, including projects and infrastructure, research and development, etc.
2	Provincial level	Tasks related to the development of infrastructure, execution of development projects, regulations of provincial level functions, coordination among the local levels within the province, and program sets encompassing more than one municipality and district.
3	Local level	Tasks related to the delivery of services; execution of local development works and regulation of local services and activities

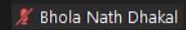
Source: Developed based on the *Unbundling of the Functions of the Federal, Province and Local Levels as per the constitutional annexes (in Nepali), GoN (2017)*

NEPAL'S UNIQUE FEDERALISM PRACTICE (CONT.....)

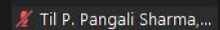
- However, implementation of federalism in Nepal criticize:
 - superficially and emotionally, rather than understanding of its multifaceted and basic essence.
 - Nepal has lack practice on any universally accepted federalist philosophy as guiding concept.
- Two issues work against the approach of federalism.
 - **First**, the current regime is in the hands of power-hungry political parties, which have dual role in governing system.
 - **Second**, Nepal's bureaucracy has a centralized mindset and believes in process-oriented work, rejecting innovation and decentralization of power.
- Now, federalism is experiencing practical difficulties to address social inclusion/exclusion, equal access to services, and effective decentralization.
- This has led dissatisfaction at citizen's side, and federalism is going to be an **expensive and costly system of governance**.



Bhola Nath Dha...



Til P. Pangali Sh...



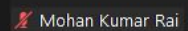
Dil Kumar Rai



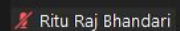
Dil Kumar Rai



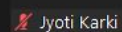
Mohan Kumar Rai



Ritu Raj Bhandari



Jyoti Karki

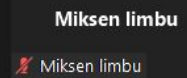


Ravi Sitaula

C) PRACTICE OF FEDERALISM AND PARTICIPATORY GOVERNANCE

1. Restructuring Process of Local Governance

- **Purpose:** Government units could be closed to the general citizen so that decisions can be taken where the problems arise.
- In 2017, LLRC constituted that recommended 753 local government units, and 6743 Wards aiming to develop strong local government capacity and reduce costs by capturing economies of scale.
- 25 exclusive and 22 concurrent functions were transferred to the LGs consisting planning, implementation, economic development, social development, environment, infrastructure and institutional development.
- The LGOA 2017 and several Acts were promulgated that define power and functions of the LGs and transferred the authorities to the Ward level structures as well.
- However, five different issues are emerged for effective local governance such as (i) irrational restructuring process, (ii) size of structured local governments, (iii) public access in service functions, (iv) institutional capacity, and (v) practice of local governance.
- This has created hassles to access the core services, which indicates bigger the size of the local government, the more difficult it is to access services easily at the local level.



2. Enable Citizen to Engage in Local Governance System

- From 2001 to 2017, local bodies were vacated due to insurgency war, King's apathy, and power monopolization of the parliamentary parties.
- The new constitution 2015 has created safeguard of the local democracy, citizen rights and duties, and promoted downward accountability. However, elite domination has created cumbersome in inclusive governance and institutionalizing local democracy, which makes voices vulnerable of the voiceless.
- In 2017, the local level election was held: Youth participation has increased in local democratizing process after 15 years; Second local election was held in 2022, which elected 36,639 people's representatives that has opened avenue 42% youth representatives who have age below 40 years.
- More than 1500 DAG representatives reach in local decision-making process.
- Despite such foremost efforts, Nepal's local governance is criticized, due to futile participation of elected DAG representatives in decision making process, and too little engagement or just formality of the marginal communities in service delivery mechanism, planning, and project implementation.





Nepal Geographical Society (NGS) Webinar Series – 3rd Episode

3. Enhancing Administrative Capacity for Local Service Delivery

- Bureaucracy worked at the local level when there were no elected representatives at LBs for administrative functions, policy making, project planning and implementation, and service delivery apparatuses.
- In 2019, the parliament endorsed the Civil Servants Adjustment Bill 2075. The key objective of the Act is to reorganize the existing unitary structure of civil service so that government can re-allocate adjust and transfer civil servants in the public service into the federal, provincial, and local levels.
- The interim O&M survey conducted by the federal government that estimated around 100,000 staff would be needed, among them the federal government would need 35 percent, while the provincial governments would need 16 percent and local levels would need 49 percent of the total.
- In 2019, a total 99,571 civil servants were adjusted, of which 40.12% were retained at the federal level, 13.87% adjusted to provinces, and the remaining 43.98% sent to local levels.
- Staff transfer is common phenomena of Nepali bureaucracy. In average, CAOs are working merely 6 months in his/her deputed LGs, whereby Civil Servant Act provisions they will be transfer after completion 2 years working period.

Magnu Dutta

Magnu Dutta

M

Manoj Marasini

Krishna Chandra...

Krishna Chandra Adhi...

Tibendra Raj Ba...

Tibendra Raj Banskota

Mahesh Pathak

Mahesh Pathak

Enhancing Administrative Capacity for Local Service Delivery (Cont.)

- Local government administration system is focusing on process-oriented job. LGs are gradually influenced by the **Trade unions, which are** promoted by the political parties. This views LGs are suffering in institutionalizing local democracy and local governance system.
- In terms of knowledge, skills, and power structure, the federal government staff who are working at local level by virtue are enjoying with **state power and resources** while local government staff involved as merely supportive staff were demoralized by the central government staff.
- The LG staff were depressed as they were embarrassed **for their recruitment**. Central government staff undermined them that **their contract paper was prepared in a sheet of the cigarette box**. This type of power structure neither LG staffs' confidence level can scale up nor capacity can transform to the local government. As result local employees were indicated as **passive service providers** and unsuccessful to facilitate the democratic and inclusive development.

Khagendra Pou...

Khagendra Poudel

Magnu Dutta

Magnu Dutta

M

Manoj Marasini

Krishna Chandra...

Krishna Chandra Adhi...

Tibendra Raj Ba...

Tibendra Raj Banskota

4. Enhancing Fiscal Capacity to Lead the Local Governance

- Expenditure responsibilities, Revenue assignments, Subnational borrowing, and Intergovernmental fiscal transfers are the main source of fiscal capacity of LGs.
- Inter-Governmental Fiscal Transfer has granted revenue powers, allocations, grants, borrowing, budget management, public expenditure and financial discipline at local level. Based on this Act, local governments received the budget from federal and provincial governments in four major item: Fiscal Equalization, Conditional, Complementary (Matching), and Special.
- NNRFC allocate the budget to the local levels based on size of administrative area (15%), size of population (70%), human development index (5%) and under development indicator (10%).
- Many LGs have prepared RIAP, initiate e-payment system, and fiscal procedures for revenue collection and mobilization.
- LGs usually generated **one-third** of their financial resources through taxation and fees for services. Their principal financial source was the fiscal transfers from the federal/provincial governments. The recent budget (2022/023) shows 65% for federal, 15% for Province, 20% for local level.
- Criticism remains for levying the tax on unnecessary items, and enforcement of high-rate tax at the local level are usu us06web.zoom.us is sharing your screen. Stop sharing Hide the tax on birth registration, tax on mandatory recommendation etc.



Dil Kumar Rai

Dil Kumar Rai



Dr. Basanta Paudel

Bhola Nath Dha...

Bhola Nath Dhakal

5. Formulation of Laws, Acts and Regulations

- The Constitution 2015 of Nepal mandates LGs have authority to exercise governing functions (legislative, executive and judiciary) on 22 exclusive rights and 15 concurrent functions. These functions cannot be carried out until subsidiary laws are drafted and approved by local assemblies.
- LGOA-2017 aims to (i) promote **cooperation, coexistence, and coordination** between the federal, provinces, and local governments; (ii) provide efficient and high-quality services by ensuring people's participation, as well as (iii) institutionalize legislative, executive, and judicial practice at the local level.
- The Act has been criticized for a variety of reasons. **First, it is unable to minimize the conflicting provisions of laws between inter and intra governments.** **Second,** it does not address the professional capacity limitations among elected representatives and administrative staff. **Third,** some functions, which were devolved by the federal government, lack clarity.
- Currently, almost all local governments have prepared local laws by the help of federal government and LG associations that provided number of 'model laws.
- Allegations to federal government for providing model laws that has **created patron-client relationship and d** us06web.zoom.us is sharing your screen. Stop sharing Hide local level.
- The local government units were unable to transform from just being MoFAGA sectoral units to LGs.

Mahesh Pathak

Mahesh Pathak

Til P. Pangali Sh...

Til P. Pangali Sharma,...

Sangram Lama

Sangram Lama

Mohan Kumar Rai

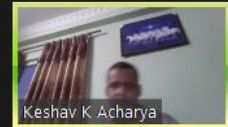
Mohan Kumar Rai

Ritu Raj Bhandari

Ritu Raj Bhandari

6. Power Separation Practices

- Post restructuring of the state, power, functions, and authorities were devolved based on the principle of separation of powers (i.e., legislative, executive, and judiciary).
- To balance and control of power; Inter-Provincial Council, Provincial Coordinating Council, Intergovernmental Finance Council, Grants and Revenue Sharing, concurrent Laws, Underlying Laws, Final Audit, Irregularity Investigation and Vigilance, among others have been made.
- LGs consider as the **collective form of the executive, judiciary, and legislative functions**, whereby the same person represents in legislative, executive, and judiciary organs in different ways.
- **Example:** executive forwards all concluded decisions in assembly meeting for final approval whereby the legislature checked and approved the decisions.
- Considering that the mayor/chair acts as head of the assembly (legislative body), who is also leading as head of the executive body. The deputy mayor/chair also acts as head of the local judicial committee, who is also member of the executive body, **caused conflict of interest**.
- All legislatures who participate in the assembly have key role in the executive function either at municipalities or at wards. Such a complex structure seems to have conflict of interest in policy and law-making process as well as implementation.
- This indicates power separation at local level seems to be weak. us06web.zoom.us is sharing your screen. Stop sharing Hide its in the executive, legislature, and local judicial committee.



Nepal Geographical Soc...

Dil Kumar Rai

Dil Kumar Rai



Dr. Basanta Paudel

Bhola Nath Dha...

Bhola Nath Dhakal

7. Instituting Intergovernmental Relationships

- The constitution has provisioned number of institutional mechanisms to accelerate the intergovernmental relations based on **Co-operation, Co-existence, and Co-ordination**.

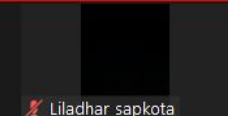
First, inter-province council mechanism has been provisioned under chairpersonship of the Prime Minister to settle political disputes arising between the federation and a province and between provinces.

Second, the inter-province trade mechanism has been envisioned to avoid any kind of obstruction to freight vehicles or other purposes and service delivery objectives by a province or local level to another province or local level.

Third, the government promulgated Inter-Governmental Fiscal Management Act in 2017. This act reinforces revenue administration system through revenue management, grant allocation, loan borrowing, budget distribution and expenditure, and public finance management.

Finally, it corrects the fiscal imbalances and reduce the disparities in local service delivery among the subnational territories.

- Despite such provisions, the IGR in Nepal is not only us06web.zoom.us is sharing your screen. Stop sharing Hide from dependency syndrome due to unjustifiable resource allocation; dishonest political culture and leadership; and inadequate administrative, technical, and financial capacity.



Liladhar sapkota

Khagendra Pou...

Khagendra Poudel

Magnu Dutta

Magnu Dutta



Manoj Marasini

Krishna Chandra...

Krishna Chandra Adhi...

D) ACHIEVEMENTS OF FEDERALISM AND PARTICIPATORY LOCAL GOVERNANCE

- **Shift unitary system into federal state** that ensures (i) governance and public accountability, (ii) citizen engagement in decision-making service delivery mechanism, (iii) and fiscal autonomy at the sub-national level.
- **Decentralized' development units are created** with complete power and authority (exclusive and concurrent) at the local levels. Thus, **development reach every nook and corner of the country.**
- Local governments are enjoying with self-decision-making power to exercise executive, legislative and judicial functions. They are preparing inclusive policy, legislations, plans and guidelines.
- New leadership mainly youth, women and DAGs are emerged with new idea and innovation.
- The NNRFC is charged in the Constitution with recommending/determining the distribution of revenues to sub-national governments from the consolidated fund

us06web.zoom.us is sharing your screen. Stop sharing Hide



Keshav K Acharya



Nepal Geographical Soc...

Dil Kumar Rai

Dil Kumar Rai



Dr. Basanta Paudel

Bhola Nath Dha...

Bhola Nath Dhakal

E) RISK OF FEDERALISM AND PARTICIPATORY LOCAL GOVERNANCE

- Reluctancy of Federal and provincial governments to prepare LG concerned laws that created either absence of laws or conflict with local laws in many sectors.
- LGs mobilize large chunks of resources through fiscal transfer. However, weak institutional and human resource capability in planning and implementation results fiduciary risk.
- The coordination between the three tiers regarding the functional division of power and authorities is cumbersome.
- The decision of unjustifiable tax rate has created disputes between citizen and the LGs.
- Criticisms remain inclusive local level planning and implementation.
- The participation of women and Dalit representatives with DAG members expressing that they are excluded in decision making process, and their voices are ignored.
- The volume of the budget arrear in every fiscal year is going to increase. Also, the delivery trend of capital expenditure is less compared to the current expenditure. Around 40 LGs, every year are not able to complete their assembly meeting that indicates growing fiduciary risk at the local level.
- Finally, local government politics is penetrating from **money, muscels and mind-set** that weaken the local governance and ultimately creates hassle to institutio

us06web.zoom.us is sharing your screen. Stop sharing Hide

Sangram Lama

Sangram Lama

Mohan Kumar Rai

Mohan Kumar Rai

Ritu Raj Bhandari

Ritu Raj Bhandari

Jyoti Karki

Jyoti Karki

Bikram Manand...

Bikram Manandhar



10



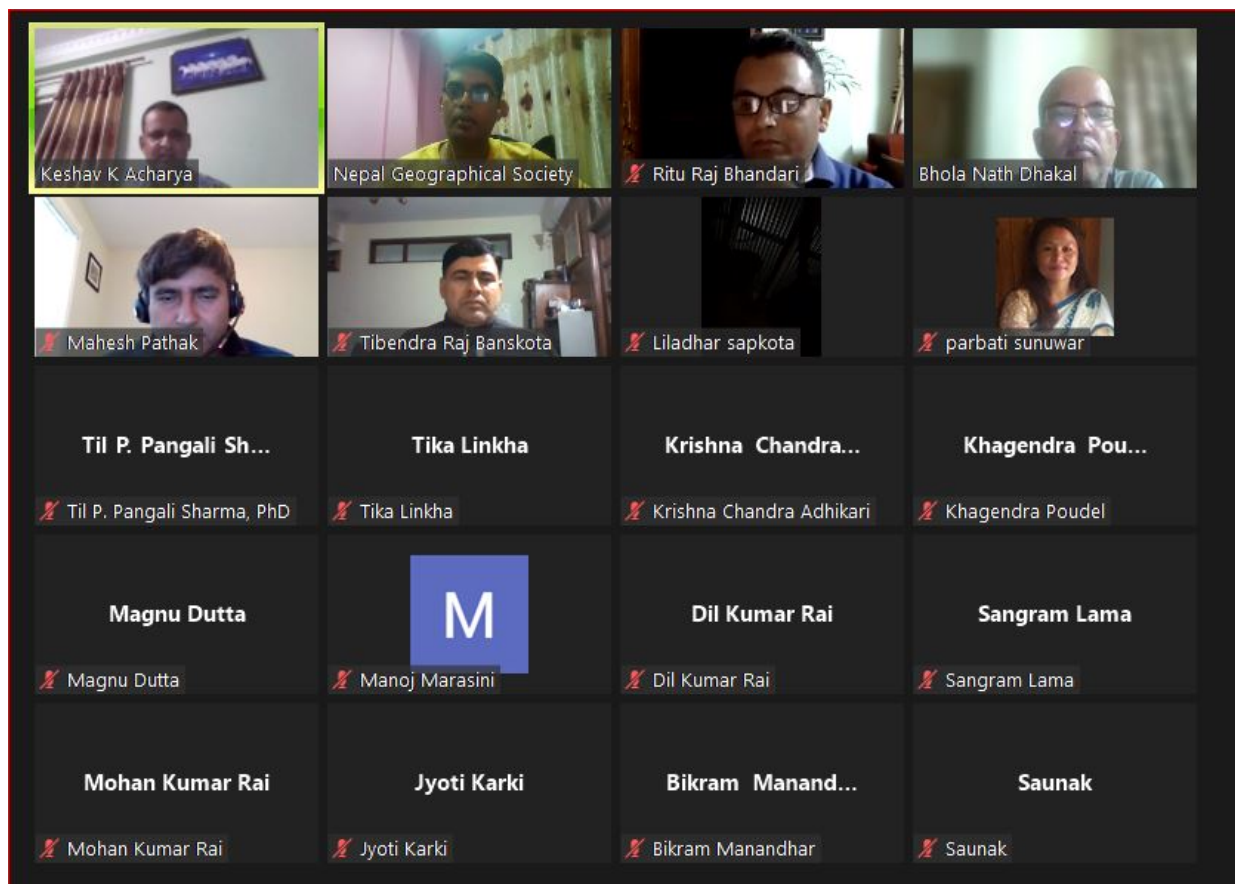
Nepal Geographical Society (NGS) Webinar Series – 3rd Episode

The screenshot displays a Zoom webinar interface for the NGS Webinar Series – 3rd Episode. The main window shows a speaker, Mahesh Pathak, with a "You're screen sharing" overlay. The top bar shows the meeting title and participants. The right sidebar shows a list of participants: Keshav K Acharya, Nepal Geographical Soc..., Tibendra Raj Banskota, Mahesh Pathak, Til P. Pangali Sh..., and Til P. Pangali Sharma, PhD. The bottom status bar shows the time as 6:17 PM on 10/9/2022.

The interface includes a top navigation bar with the meeting title and participants. The main window shows a speaker, Mahesh Pathak, with a "You're screen sharing" overlay. The right sidebar shows a list of participants: Keshav K Acharya, Nepal Geographical Soc..., Tibendra Raj Banskota, Mahesh Pathak, Til P. Pangali Sh..., and Til P. Pangali Sharma, PhD. The bottom status bar shows the time as 6:17 PM on 10/9/2022.



Nepal Geographical Society (NGS) Webinar Series – 3rd Episode



TOKEN OF LOVE

Nepal Geographical Society
Kirtipur, Kathmandu, Nepal
Email: ngs@ngs2018.org.np
Website: <https://ngs2018.org.np/>

Nepal Geographical Society Would Like To Honor

Dr. Keshav Kumar Acharya

For his valuable contribution as a speaker entitled “Federalism and Participatory Local Governance in Nepal” on 3rd episode of Nepal Geographical Society (NGS) Webinar Series, held on 9 October 2022.

B. Acharya

Dr. Bipin Kumar Acharya
President

B. Paudel

Dr. Basanta Paudel
General Secretary



Keshav K Acharya, PhD
GIZ Nepal