

Nepal Law Society/The Asia Foundation /DFAT-Sub-National Governance
Support the Effective Local Governance through Law Making and Service Delivery

AN INTERACTION ON
INTER- GOVERNMENTAL COORDINATION: ISSUES AND CHALLENGES

28 July, 2023 (2080/4/12) Friday

HOTEL EVEREST, NEW BANESHWORE

PROCEEDING REPORT



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Nepal Law Society


The Asia Foundation

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Organized by

**Nepal Law Society in coordination with the Office of the Prime Minister and
the Council of Ministers**

PROCEEDING REPORT

1. BACKGROUND

The Nepal Law Society (NLS) partnered with The Asia Foundation (TAF) to conduct the project "Support the Effective Local Governance Through Law Making and Service Delivery" since April 15, 2023 with the objective of supporting law making process and judicial service delivery.

Under this project, the NLS has been working with the Office of the Prime Minister and the Council of Ministers (OPMCM or PMO) to support the Inter Provincial Council (IPC) and National Coordination Council (NCC) fulfill their objectives.

The IPC and NCC are responsible for the facilitation of federalism and coordination among the federal, province and local level.

The NLS and PMO has had a series of meetings to provide technical support to find out best way to activate and make the IPC and NCC effective. The series of meetings had agreed to work on four issues- revising the detailed work plan to operationalize schedules of the constitution; supporting the implementation of IPC/NCC decisions; holding a workshop on NCC; and providing technical support to NCC thematic committees.

In this connection, a national workshop on NCC was held on July 28 at Hotel Everest, Kathmandu. Here is the brief proceeding of the workshop.

2. OBJECTIVE

- ❖ To share tasks performed by PMO since the promulgation of new constitution towards the facilitation of federalism,
- ❖ To share the expectations of the coordination law and its achievements/challenges,
- ❖ To facilitate dialogue and interaction between the parliament and the government on issues of coordination,
- ❖ To facilitate dialogue between NCC members and stakeholders.

3. OUTCOME

- ❖ Increased uniformity in understanding among key stakeholders with the participation of 60 including chief whips and whips of political parties in the parliament, chief secretary, secretaries, provincial principal secretaries, and local level association representatives,
- ❖ Expressed commitment by the chief whips and whips on timely formulation of laws,
- ❖ Expressed commitment by the PMO, Ministry of Law to prepare annual calendar and provide adequate bills to the Parliament,
- ❖ Agreed by PMO to call regular meetings of National Coordination Council,
- ❖ Shared the contribution by PMO among the stakeholders,
- ❖ Discussed decisions of the first meeting of the NCC which the PMO committed to implement,
- ❖ Agreed by PMO to hold various programs by working with civil society organizations such as NLS.

4. RECOMMENDATIONS

- ❖ Update the process to formulate and implement laws related to both exclusive and concurrent rights of the federal, province and local level as mentioned in the Schedules of the Constitution,
- ❖ Activate the thematic and special committees,
- ❖ Hold regular meetings of NCC,
- ❖ Solicit intellectual and technical inputs from civil society organizations such as NLS,
- ❖ Hold province and local level discussions to collect feedback on the working of thematic and special committees,
- ❖ Submit the report to the NCC meeting.

5. PROCEEDING

Chief Secretary of the government of Nepal Mr. Baikuntha Aryal chaired the workshop. The NLS chairperson Mr. Tirtha Man Shakya welcomed the participants. Mr. Shakya said that NLS and TAF have been working together to support the implementation of federalism through various programs and in close collaboration with key government stakeholders. He described the achievements made by the programs and thanked the PMO for their ownership and leadership.

There were around 60 participants including chief whip/whips of all political parties in both Houses of the Parliament; parliamentary party leaders; chief secretary and secretaries of federal government; principal secretaries of seven provinces; NCC members representing local government associations (NARMIN, MuAN and ADCCN); and civil society leaders.

The NLS Executive Director Mr. Krishna Man Pradhan briefed about the objectives of the workshop. He said that since the promulgation of the new constitution in 2015, the country had embarked on a new path of federalized structures. The experiences of last eight years, he said, had shown the strengths and weaknesses in the implementation of federalism. He pointed at the big challenge in ensuring smooth coordination among the three tiers of the government in this

regard. He said that the constitution and coordination law had laid down several mechanisms such as IPC and NCC to ensure coordination and collaboration - by dealing with political as well as legal challenges. However, their actual and effective implementation has not been satisfactory. He said this workshop was organized to discuss how best the NCC could be activated. He said the workshop will also share tasks performed by PMO since the promulgation of new constitution towards the facilitation of federalism; discuss about the expectations of the coordination law and its achievements/challenges; hold interaction between the parliament and the government on issues of coordination; and facilitate dialogue between NCC members and stakeholders.



Paper Presentation:

Two working papers were presented at the workshop. The first paper on "Key Achievements and Issues related to Inter Governmental Coordination" was presented by Ms. Rekha Das Shrestha, Joint Secretary, PMO and Mr. Chakra Pani Sharma, Under Secretary, PMO. The second paper on "Key functions and responsibilities of OPMCM related to coordination and facilitation among the federal, province and local governments" was presented by Mr. Madhab Poudel, former law secretary and executive member of NLS, and Mr. Dhan Raj Gyawali, former law secretary and member of NLS.

Working Paper 1:

Key Achievements and Issues related to Inter Governmental Coordination

Ms. Rekha Das Shrestha, joint secretary and Mr. Chakra Pani Sharma, under secretary of PMO presented the paper. At the outset, Ms. Shrestha gave a brief remarks followed by paper presentation by Mr. Sharma. Ms. Shrestha appreciated the active efforts by elected representatives in institutionalization of federalism in the country. She said that the process of



fiscal transfer as per the recommendations by the National Natural Resource and Fiscal Commission is becoming more and more well-managed. She said that adjustment of staffs have been completed and important laws related to implementation of federalism have been formulated. Some laws are being amended and some are being formulated, she said. She pointed at the importance of Federal, Province and Local Level

(Coordinated and Inter-Relations) Act 2077 in developing the functional relationship among the three tiers. She added that the Act has formed several agencies including the National Coordination Council (NCC). The first meeting of the NCC was held in Pokhara on Asar 16. The meeting has made a number of important decisions to manage the inter-relations and coordination among the three tiers. The PMO Secretariat, she said, was working to implement the decisions of the NCC.



Mr. Chakra Pani Sharma, under secretary of the PMO gave the presentations on the status and issues of coordination and inter-relations among the three tiers. The paper included points related to the constitutional provisions that transformed Nepal into federal democratic republican state. It highlighted the constitutional spirit of coordination, collaboration and cooperation among the federal, province and local level. It

argued that there were still works to be done to address challenges in the fields of policy, legal, structural, staff management, fiscal and systemic inter-relations. The paper stated that there ought to be zero confusion on resources, service delivery, production and distribution of services, regulation, quality control, policy and guidelines.

The paper listed the constitutional and legal provisions on inter-relations and coordination such as the Article 56, 57, 231, 232, 233 and 234 as well as various provisions on the Federal, Province and Local Level (Coordination and Inter-Relations) Act, 2077; Inter Governmental Fiscal Management Act, 2074; and Local Government Operation Act, 2074. The paper said that the Council of Ministers has endorsed the functional unbundling on 2073/10/18.

The paper further highlighted the various provisions and structural agencies put in place with regard to implementation of inter-relations such as functional inter-relations, and fiscal inter-relations that are enforced through National Natural Resources and Fiscal Commission and so on. It added that thematic committees have been formed by most of the line ministries but their regular meetings have not taken place. Thematic committee in Ministry of Finance meets regularly whereas there are no such committees under Ministry of Defense and Ministry of Foreign Affairs. The paper also raised the matter of Province Coordination Councils and listed their status in all seven provinces.

The paper listed major achievements in the field of implementation of federalism including the first meeting of National Coordination Council, formulation of laws on coordination, activation of PMO to coordinate with provinces and Ministry of Federal Affairs and General Administration to coordinate with local level; holding of the meetings of National Development Problem Resolution Committee with the participation of provinces and local level; activation of administrative coordination council led by chief secretary and participated by principal secretaries of all seven provinces; and the implementation of unbundling.

The paper listed the major bases of inter-relations as basic issues of national interest; protection of national pride and unity; implementation of State Directive Principles, Obligations and Policies; implementation of fundamental rights; and the creation of democratic values-based socialism-oriented economy. It listed achievements in the legal field such as the formulation and implementation of Federal, Province and Local Level (Coordination and Inter-Relations) Act, 2077; Inter Governmental Fiscal Management Act, 2074; Local Government Operation Act, 2074; and Procedural Acts related to Finances and division of Special and other Grants.

The paper also discussed the organizational structure of the federal system. It also raised some outstanding issues such as lack of laws on cooperation (particularly on issues of concurrent rights); developing clarity on rights of all three tiers; land acquisition for infrastructure development; and duplications on finances and structures. It suggested having integrated national data on achievements, providing expert capacity to the secretariat of NCC, and making the coordination effective.

Working Paper 2

Key functions and responsibilities of OPMCM related to coordination and facilitation among the federal, province and local governments

The paper was presented by Mr. Madhab Poudel, former law secretary and executive member of NLS, and Mr. Dhan Raj Gyawali, former law secretary and member of NLS.



The paper started with the list of constitutional provisions such as Article 56, 57, 58, 59, 232, 233, 235 as well as Schedules of the Constitution to describe the constitutional spirit and mandate on the institutionalization of the federal democratic republican system of governance. It pointed that these provisions that called for strengthening coordination, collaboration and cooperation among federal, province and local level.

The paper shared the experiences of India in the institutionalization of federalism. It traced Indian history and debates the Indian society had at different points of time in redefining the center-state relations. The paper also presented some key features of inter-governmental coordination mechanisms in India such as Inter-State Council, its composition and functions.

The paper listed law formulation, implementation of common projects (development), service delivery and good governance, revenue distribution (collection and distribution of economic resources) and human resource management as major subjects under the Coordination, Inter-relations and Cooperation.

The paper explained in detail about the right of the federal government related to province and local levels. It listed some policies that need to be formulated by the federal government even though some of their aspects may fall under the jurisdiction of province and local level such as Fiscal Policy, Monetary Policy, Radio Frequency Distribution, Protection and Multi Purpose Use of Water Resources, Standards of University, Regulations, Health Standards, Health Policy, National Transport Policy, Climate Management, National Forest Policy, Insurance Policy, Cooperative Regulation, Land Use Policy, and Tourism Policy.

The paper also highlighted about the composition, objectives, functions and responsibilities of the Inter Province Council. It listed the meetings of the IPC, their

decisions and the status of implementation of those decisions. It listed the 29-point action plan on functional inter-relations as a major achievement. The paper summarized the objectives, roles, responsibilities and functions of the Federal, Province and Local Level (Coordination and Inter Relations) Act.

The paper described some key achievements in the implementation of federalism such as the establishment, fixation of names and capitals of seven provinces; successful holding of two consecutive elections of provinces and local level; successful operation of 753 local levels; implementation of Federal, Province and Local Level (Inter-relations



and Coordination) Act, 2077; formulation of Act on Province-Local Level Coordination by Sudur Paschim and Gandaki provinces as per Article 235 (5) of the Constitution; passage of procedurals; formation of IPC, NCC, and thematic committees of federal parliament; formation of Province Coordination Council and thematic committees of province assembly; planning commissions of federal and province level; National Natural Resource and Fiscal Commission; regular process of grant distribution; staff management and capacity building; and organization and management surveys by provinces and some local level.

The paper also described some key challenges in this regard. In the area of law formulation it listed the lack of federal laws on concurrent rights; lack of capable human resources at province and local level; copy paste of model laws; and lack of understanding in concurrent and exclusive rights. In the area of development projects and their implementation it listed the lack of planning and implementation as per the law in all three tiers; involvement of federal government even in small projects; duplication and repetition; lack of budget allocation; and mismanagement in grant utilization. In the area of fiscal management, it listed the lack of fiscal transfer as per the constitutional provision; low volume of fiscal resources of provinces; increased amount of irregularities; and lack of equal and proportional distribution of resources. In the area of service delivery it listed the prevalence of traditional patten of service delivery; weak monitoring; and lack of clarity even in basic service delivery like health and education. In the area of human resource management it listed the lack of human resources at province and local level; lack of federal civil service that has impacted the works of province and local level; and four types of staffs in local level. The paper also listed several other problems in the implementation of functional inter-relations such as lack of implementation of Acts, lack of activation of structures formed by Acts, lack of establishment of reporting system, lack of regular meetings of IPC, duplication in grants and offices, lack of physical infrastructure due to problems in land acquisition, and lack of role for the District Coordination Committees.

The paper suggested the role for the OPMCM/PMO in areas such as the effective implementation of constitution and Act, monitoring of the implementation of Acts, activation of structures under the Act, discussion on issues for policy clarity, formulation of federal civil service and police Acts, formulation of federal Acts on health, education and agriculture, clarity on the policy issues of province secretary, local level

administrative chief, police adjustment, divisional forest office etc. Likewise, the paper advised the PMO to work for the holding of regular meeting of NCC, activation of its thematic committees and facilitation in the law making by provinces and local level.

At the end, the paper also listed some points as roles that can be played by the Nepal Law Society. This included supporting in the determination of agenda for the NCC and its thematic committees; providing feedback to the federal government by facilitating interactions with the municipalities, rural municipalities, district coordination committees and local level associations; providing feedback to the NCC through academic research and analysis of provinces and local level; regular interactions with province and local level for the implementation of their Acts; and supporting the capacity building of human resources of province and local level in law making.

6. REMARKS BY THE PARTICIPANTS

🗣️ Mr. Parshuram Meghi Gurung, former chairperson, LMC



Mr. Gurung said that only three years after the formulation of the Coordination Act, they were talking about its implementation. He suggested that there should be legal provision warranting review of Act after three years. He said that in the last three years there have been discussions and disseminations related to this Act by NLS and the government but they are not adequate. He called for further discussions on

this because this Act is a policy guide for provinces and local levels. He said it was a matter of pleasure that finally provinces, too, were actively seeking their roles as enshrined in the constitution and the law. He appreciated the first meeting of the NCC. He expressed dissatisfaction over the lack of initiatives to activate the thematic committees of the NCC, which could clarify the roles and responsibilities of the federal, province and local level. He said that in the past the NLS and the LMC had worked successfully in supporting the law making and coordination. He hoped that the same level of performance will continue in future. He added that NLS and PMO can have result-oriented collaboration for the benefit of all.

🗣️ Mr. Devendra Dahal, CPN-UML parliamentary party leader, National Assembly

Mr. Dahal said that there were problems in the implementation of the Act even 8 years after its promulgation. He said that holding a meeting of NCC was itself an achievement. There were a couple of laws that were



stuck in the committees of the National Assembly. He said that there were many problems in formulating as well as enforcing laws. He cited example of how several programs are announced in the budget and policies but not implemented. He called on the PMO to hold dialogue with the MPs on such programs. He added that since 10 years have passed since the promulgation of the constitution, there is a need to discuss about its reforms. He called on the NLS and the PMO to take the initiatives for the discussion. He said that although National Assembly had spent huge resources and spent hours, five bills became inactive. He said that since this is a very sensitive matter, the NLS and PMO should have close consultation with the parliament in their programs. He appreciated that NLS was a neutral and credible organization and hoped for the successful work.

🗣️ **Mr. Radheshyam Adhikari, former member, National Assembly**



Mr. Adhikari said it needs to be clarified from where should the process of law making start - from federal or province or local level. He suggested the PMO to start the process from the lower level where possible. Otherwise the federal government first needs to clarify its laws, and policies on time. He said that the provinces and the local levels are the development agents and the federal government should ensure that they are

active. He urged the federal government to facilitate the formulation of laws on issues related to exclusive list of rights. He also urged clipping excessive rights to the government through the laws and instead prioritize authoritative power. He also urged for training programs by NLS and PMO on law making on concurrent matters. He advised the government to provide resources for such training.

🗣️ **Dr. Khim Lal Devkota, member, LMC, National Assembly**



Dr. Devkota said that Nepal adopted the Inter Provincial Council from the Inter District Council introduced in the Indian constitution in 1990. He said that in the Indian model, the regional council is much more effective. He said that it would be great if only the thematic committees are active and effective. He said that during the Pokhara meeting of NCC, there were discussions about the institution to address the

horizontal and vertical issues of grants. He said that IGR could be such institution. He said there were many institutions and mechanisms but no working standing committees that actually perform task. He said Province Coordination Council was important in linking the provinces and the local level. It also requires working committee. He suggested that such committee may be

headed by home or finance minister for better results. He said that PMO would need to be much more active in addressing issues of federalism and inter-relations. In cases of administration, law and finances, he said, the federal affairs ministry, law ministry and finance ministry should be active.



☛ Mr. Hit Raj Pandey, chief whip of CPN-Maoist Center

called for discussions to manage the problems related to bureaucracy. He said that the implementation of federalism in effective manner could lead to the success of the constitution implementation.

☛ Mr. Pradeep Yadav, chief whip, Janata Samajbadi Party

Mr. Yadav said that there were scores of laws related to federalism. He said that Acts, and Rules were also formulated but they violated the spirit of the constitution. He said that provinces cannot work successfully and effectively in this environment. He called for facilitation and support to help in the proper implementation of federalism. He said that provinces should be at the central attention when making laws.



☛ Ms. Anita Devkota, Chief Whip, Nepali Congress, National Assembly



Ms. Devkota said that although the constitution envisaged that laws will all be formulated within 3 years, the process remained incomplete even after 8 years. She said that the NCC meeting could be held only 3 years after the formulation of the Coordination Act. This showed the level of delay in our process, she said. She pointed at lack of education act, civil service act and public health act, which has affected the performance of local level and provinces. She suggested making an annual calendar on law making and sticking to the list.

🗣️ **Mr. Santosh Pariyar, chief whip, Rastriya Swotantra Party**



Mr. Pariyar urged the political parties to seriously reflect on their commitment towards the people. He said federalism was necessary if the parties wanted to display best democratic performance. He complained about the lack of works to fulfill fiscal federalism. He pointed at lack of empowerment of provinces and reluctance in the bureaucracy towards federalism. He said there was still the unitary mindset. Federalism demands change in mindset along with change in politics. He said the role of bureaucracy was the most important in this regard. He

said that the people will feel strong if the nation is strong and there is economic progress. he urged the parties to be honest. He said federalism, in itself, was not expensive - rather the lack of action made it so.

🗣️ **Ms. Jayanti Rai, chairperson, LMC, National Assembly**

Ms. Rai said that it was most important to adjust the local levels. She said that there were lack of laws even after 8 years of constitution. This, she said, had raised questions on the viability of federalism. She said there were lots of problems at lower level where staff adjustment has been mismanaged. She said that failure of even the projects of national pride was because of lack of clarity and coordination among three tiers. She called for empowering provinces and local level on law making. She said solicitation of technical inputs from organizations like NLS would be helpful.



🗣️ **Ms. Laxmi Pandey, chairperson, National Association of Rural Municipalities (NARMIN)**

Ms. Pandey pointed at numerous challenges facing the functioning of three tiers - the lack of meetings of key mechanisms, and indecision if in case meetings are held, followed by lack of implementation of decisions when they are made. She called for the role of PMO in facilitating the mechanisms and bodies. She said they proposed developing NCC also as documentation center. In the absence of key federal laws on civil service, education and health has affected the setting of standards. She called for



development of integrated system and urged the NCC to form and activate the thematic committees. She pointed at duplications that can hurt federalism. She urged the federal government to develop national standard and national policy on at least 51 issues of concurrent rights.

🗣️ **Mr. Krishna Neupane, ED, Association of District Coordination Committees, Nepal (ADCCN)**

Mr. Neupane complained that the local levels have been formed by the constitution but they have to be operated by laws framed by other tiers. He said that existing institutions were not made functional. Instead, tendency is to set up new institutions and structures. He also complained that although the constitution has specified the District Coordination Committees, the Acts and Rules tend to overlook their existence. He said the DCCs can be utilized to ensure facilitation in coordination at local level as per the constitutional mandate.



🗣️ **Mr. Rajesh Man Singh, mayor, Birgunj Metropolitan City**

Mr. Singh said that lack of systematic approach at the federal and province level have affected the local level. He said budget allocation was discriminatory - as there is huge gap between Kathmandu and other Palikas. He said that local levels were not even able to speak about the public properties under them. He said cases are filed in the court whenever they try to demolish or develop a public property and complained about long delay in decisions by judiciary. He said that the voices of local level are not heard by Provinces and the Federal government. He said that Palikas have to face the citizens but budget is usually provided in Baisakh and have to



be spent within two/three months. He called for timely transfer of budget.



🗣️ **Mr. Narayan Prasad Sharma Duwadi, principal secretary, Sudur Paschim Province**

Mr. Duwadi said there were differences in the perspective of secretary of federal and province government or when one looks at things as a common citizen. There are differences in understanding among the

provincial assembly members, ministers and officials. Federalism cannot be strong without strengthening provinces and local level. He said that the issue of law making has topped the priority in coordination among three tiers. Provinces, he said, are in a race to formulate laws. Sudur Paschim province has formulated 43 Acts, he said, but there were problems in implementation. He said it was necessary to first clarify the work-list for provinces and the local level as per the report on unbundling. He also pointed at complexities in carrying out development projects. Third, he said was the matter of service delivery. He said there was fragmentation in the approach. He said it was necessary to formulate transitional plan to overcome the challenges. He called for review for clarification, redefining and problem-solving attitude among all. He said that the province has abided by the action plan by the National Assembly prohibiting spending of less than Rs 25 lakh by provinces.

☛ **Mr. Ghanashyam Upadhyaya, principal secretary, Bagmati Province**



Mr. Upadhyaya said that the unbundling should lead to better coordination and staff management. He said there is confusion at province level due to disputes in the center, the presence of various development committees and structures. Provinces, he said, too, have created centralized parallel structures - for example, if there is a Youth Council in federal level, there are Youth Councils in provinces, too; and similarly there are Sports Councils in provinces like in the center. Excessive and additional federal structures have been replicated in

provinces, he said. He called for staff management based on resources as there are many confusion in this regard.

☛ **Mr. Rajendra Thapa, law secretary, Lumbini Province**



Mr. Thapa said that one can see there are governments in all three tiers. But there is no priority on fiscal issues while making laws. There are concerns that model laws have been replicated but even so they are not of high standard. The law making process is poor and calls for capacity building in this sector, he said. He said that the attention of the parliament is only towards making government and formulating budget. He suggested that the federal level should determine roles of provinces and the local level in formulating laws on issues of concurrent

rights. Only then, the implementation of law can be ensured, he said.

🗣️ **Mr. Krishna Hari Pushkar, secretary, Ministry of Federal Affairs and General Administration**



Mr. Pushkar said that the government has allocated the Ministry of Federal Affairs the role of coordination with local level, and the PMO with the role of constant coordination. But there are confusion on what kind of federal affairs we are talking about, he asked. He said that this would lead to judicial conflict in future. However, he pointed that even petty matters that could have been resolved by executive or legislative decisions have been left pending for long. He said all need to be honest towards federalism. He said standard at federal level is required

first before one complains about lack of quality in province and local level. He said there were confusions in some quarters on who makes the laws - MPs or the government. He said that there are queues of MPs in the Ministry unnecessarily even as Houses lack quorum in their meetings. He called for review on constitutional definition of federalism and how it has evolved actually in practice. He suggested discussions on challenges facing inter-relations.

🗣️ **Mr. Kalyan Shrestha, former Chief Justice**



Mr. Shrestha said that years after the promulgation of the constitution, there were now debates on the justifications and necessity of federalism. One can question honesty and integrity in the concept and operation of various tiers of governance, he said, adding that the key challenge is to establish good governance. Rule of law must be at the core of working culture, he said. Otherwise, tendency will develop whereby people are indifferent towards the need to abide by constitution or laws, which, he said, would lead to failure in the implementation. He said law

making is a culture that requires participation, and coordination. That is why, he said, they are talking about Inter Province coordination. He said that debates on justification of federalism has exposed weaknesses in the current practice of federalism, and thus requires lot of efforts in facilitating the federalism. These challenges can be overcome through proper implementation, and regularity. He said agencies such as PMO need to pay attention towards dispute resolution, capacity building, facilitating and leadership. If the federalism is going to fail, he warned, the large part of the failure should be going towards the federal committee. He said there were lack of monitoring of province and local governments, and lack of resources and capacity. He called for research centers to conduct monitoring and give feedback.

🗣️ **Ms. Goma Sapkota, whip, Janamat Party**

Ms. Sapkota said that they have been raising the same issues that were put forth by province principal secretaries. She said that a big chunk of problem is related to the civil service Act. She said the workshop provided a right opportunity to talk about law making in federal, province and local level. She recalled virtual programs by NLS in all seven provinces on law. She said that since they were discussing about law making 8 years after the promulgation of the constitution in the presence of PMO, the latter needs to take up the issues raised and resolve them. She said the MPs and the agencies like NLS needs to constantly lobby for the law making.



🗣️ **Mr. Ek Narayan Aryal, secretary, PMO/OPMCM and former secretary, Ministry of Federal Affairs and General Administration**



Mr. Aryal said that this workshop was organized to talk about the NCC decisions and how best to go forward. He said that various laws on inter-relations have already been formulated but among the general public the level of satisfaction is not high if one compares the state of service delivery before and after federalism. He said there were problems in politics and bureaucracy at all levels. Constitution, he said, is clear on principles. He suggested defining cooperation, coordination and collaboration to clear confusions. He

complained that there was a competition in creating structures and agencies and not on conducting actual businesses and tasks. He said that some local levels have formulated up to 400 laws. This sort of competition is also not healthy, he said. Mr. Aryal said that the PMO would start working with some local levels in clearing such confusion. The aim will be to deliver through the structures and agencies that have been created through proper service delivery, he said. Mr. Aryal said that a report prepared by NLS and MOFAGA on the status of implementation of coordination when he was secretary of MOFAGA, adding that the report has pointed many constructive suggestions that can be followed in these programs.



🗣️ **Mr. Binod Prakash Singh, secretary, National Coordination Council Secretariat**

Mr. Singh said that looking back at the 7-8 years of operation of the new constitution, one cannot be satisfied with the delivery, speed and results in terms of

implementation of federalism. He pointed at issues raised about the need of provinces. He said that they have been unable to bring in complete civil service law, as well as police and education Acts - which were prerequisite for provinces and local level. He said people largely spoke only about the tier in which they are operational. He said there were disputes between provinces and local level, too, in the sectors of resource division and jurisdictions. He suggested activating thematic committees in inter-province coordination as per the NCC meeting decision. He said PMO is committed to implement the decisions and is ready to work with stakeholders in this regard.

Concluding Remarks

🗣️ **Mr. Baikuntha Aryal, chief secretary, Government of Nepal**

Mr. Aryal said that the main purpose of the meeting is to find out how the decisions of IPC and NCC can be implemented. He said that key officials from the government, parliament and NCC were present in the meeting. He said that inputs by the participants in the meeting are useful and will be incorporated going forward. He said that despite some questions on the existing form of federalism, there have been some encouraging achievements, as well. The tasks performed in the initial phase were substantial but there are many things that remain to be achieved, he said.



He said that like the lawmakers had mentioned the issues of equalization grant, conditional grant and other grants are key in terms of strengthening federalism. He said one cannot reject constitutional arrangements. He described how equalization grants were provided based on the need for expenditure and capacity of raising revenue. He pointed at Article 60 of the constitution that calls for the granting of equalization grant based on spending need and revenue capacity of provinces and local level. The need for spending, he said, arises from the rights and responsibilities as defined in constitutional schedules. It is also based on the demography, area, and level of development. The revenue capacity also depends on the capacity of collection. He called for regular review and adjustments in implementing the laws under the Schedules 5, 6, 7, 8 and 9 of the constitution. He assured that following the decisions made by the NCC, the PMO is already taking a lead to enforce them. He said that the PMO will hold interactions at provinces and move forward with the participation of local levels and stakeholders. He recalled the important decisions made by the NCC such as working committees and removing duplications in action plans. He said that the thematic committees envisaged by the Federal, Province and Local Level (Inter-relations and Coordination) Act 2077 have not been active enough. These committees, he said, can work to resolve many issues regarding functional inter-relations. He suggested further discussions and work to overcome the challenges. He said positive and constructive feedbacks will be necessary. He said that many participants in the workshop had suggested that PMO needs to be further active. He added that they have not been able to work fully as per the constitutional mandate with regard to the implementation of federalism. He said there was a formula for robust fiscal federalism called 3f+c in which f refers to functions/functionaries/finance and c refers to capacity. It is necessary to prioritize resolution of problems rather than focusing on listing of problems, he said. He called for further programs at province level to carry forward these discussions.

