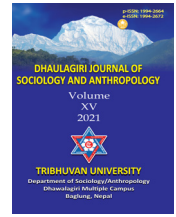


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Federalism Practice in Nepal: Does it Move in the Expected Course?

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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 purposively 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?

Keywords: federalism, governance, accountability, power sharing, constitution, Nepal

Introduction

Federalism is a state of a set of institutional arrangements for dividing power, functions, authorities between a national and sub-national level government (Burris, 2015). More specifically, it is a consensus-based political system that divides the power and sovereignty of the state into different political units based on necessities and priorities (Kelemen, 2003). In many countries, autonomous legislative, executive, and judicial organs are provisioned at different levels of the governments in accordance with the constitutional provisions. However, robust federalism relies on result-oriented self-governance systems, effective decentralization, and functional public

institutions (Acharya & Zafarullah, 2020). Through this process, it promotes harmony between the people's representatives and the citizens on the one hand. On the other hand, it develops a wider political culture through check and balance mechanisms (Burgess, 2005). Chandio (2020) illustrates, three factors are substantially important for the implementation of federalism. These are political, financial, and cultural factors. Looking at the results of implementation and outcomes, all these three factors have their own strengths, essences, and complexities. Despite that, Adhikari (2020) and Elazar (1995) argue that over the last two hundred years, federalism has been realized as a key apparatus to logically address all class and ethnic-based issues, geographic and identity-based disputes, and



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exclusionary practices as well as economic, social and other disparities.

Thus, Suhrke (2014) adds that the need for federalism is realized to mainstream the people, individuals, and regions who have been excluded from services and opportunities due to political, economic, social, and geographical reasons. To manage the diversity in an efficient manner, three countries in Africa (Ethiopia, South Africa, and Nigeria) have chosen a federal form of government so as to accommodate ethnic diversity (Amah, 2017; Shah, 2007). In Pakistan, federalism could both serve as an effective form of government and be used as a tool to resolve ethnically motivated conflicts (Khan, 2014). In Canada, federalism has supported diversified geographic locations and optimum allocation of revenue among the level of governments (Shah, 2007). In the USA, through federalism, power has been decentralized and the sub-national level state has become more powerful and closer to the citizens (Adhikari, 2020). India is able to manage both central and state-level functions in their respective jurisdictions with considerable independence from one another through the federal approach (Ghosh, 2020). These suggest federalism, on the one hand, is a political system of governance wherein the sub-national units experience a constitutional status and derive an inherent power to govern the state. On the other hand, federalism alone has not had adequate capacity to resolve the issues triggered by the multiple actors and forces and run the new governance system (Adhikari, 2020).

In Nepal, a federal system has been deployed since 2015 to achieve the appropriate governance, lasting peace, and prosperity by addressing the diversity of the country (Acharya, 2018). Even though, the realization to implement federalism in the country after the Comprehensive Peace Agreement of 2006 and the second Jana Andolan 2007 (Acharya, 2015). In 2015, the government of Nepal promulgated a federal constitution formally and that ended the prolonged political transition and restructured the country into 7 provinces and 753 local levels (Acharya, 2018). The new structure with governing bodies at federal, provincial, and local levels presents an opportunity to move on from a past where politics and decision-making were dominated by monarchy and a society divided along with caste, ethnic, and gender perspectives (Acharya, & Chandrika, 2021). To address the issues of exclusion, poverty, ethnic-gender-geographical discrimination, marginalization, and governance weaknesses, the constitution of Nepal provides legislative, executive, and judiciary functions and several exclusive and concurrent rights. Additionally, the constitution has made provision for inter-government fiscal by the revenue rights association and the states (Acharya, & Zafarullah, 2020). Federal, provincial, and local governments have prepared and enacted required laws, budget and programs have been formulated, work responsibilities have been defined for 3 tiers of government, and staff adjustment work has been

completed. Nevertheless, citizens are extremely unhappy with the current move of federalism (Bahl, Timofeev, & Yilmaz, 2020), which is already passed about 7 years.

Federalism in Nepal has been implemented superficially and emotionally, rather than an understanding of its multifaceted and basic essence (Acharya, & Scott, 2020). Gyawali (2018) adds that Nepal did not adopt any universally accepted federalist philosophy as a guiding concept. The abolition of monarchy and the separation of governmental power into three political tiers were the key goals of federalism. Although the constitution has provisioned the decentralization of power and functions, as well as sufficient space to address the voices of marginalized groups, the basic philosophy of federalism and its aftermath is now experiencing practical and theoretical difficulties as political parties engage merely in power politics, ignoring issues of social inclusion, identity politics, and effective decentralization. While decentralization has been applied in Nepal since the Panchayat period, the lowest tiers have yet to achieve governance and decision-making decentralization. The Local Self-Government Act of 1999 attempted to strengthen an independent local government, but its essential premise was never well stated, and it was never allowed to be implemented. Even now, in the first year of federalism's implementation, conflicts have arisen between the federal government and the states (Neupane, 2018). Side by side, the complexities of federalism have not been thoroughly researched as they have been implemented in Nepal as an alternative to a superficial unitary system. Consequently, federalism now moves in an ad-hoc manner (Bahl, Timofeev, & Yilmaz, 2020). In other words, only the principle and concept of federalism is being deployed in Nepal, which was implemented by the political parties and high-level bureaucrats according to their own interests. Knowledge-based on research on the political, social, and economic aspects of this system was not considered (Adhikari, 2020). Three issues work against the 2015 approach of federalism. First, the current regime – and the implementation of the current constitution – is in the hands of power-hungry political parties, which have a 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. Third, as stated in the constitution's fine print, it is in the national and village politicians' best interests to interact directly with central and grassroots institutions, respectively, rather than going through an unneeded filtering layer known as a province (Gyawali, 2018). As a result, federalism is going to be an expensive and costly system of governance. Concurrently, the rulers have no interest in how to expand the economic bases and financial scope of all levels of governments for the successful implementation of the federal system. There has not been much study and research on the resources required to sustain the federal system (Acharya, 2018; Karki, 2014). In addition to these perspectives, federalism

moving in the correct path is hard due to internal and external factors (Acharya, & Zafarullah, 2020). In this viewpoint, this study investigates to what extent has the current practice of federalism in Nepal moved in direction of the people's aspirations?

Literature Review: Federalism Practice and Discourse

According to historical evidence, the Israeli tribes in the second century BC, the Greek states in the third century BC, and the Swiss cantons in the 13th century, all practiced federalism to unite against external enemies for mutual survival (Kumara, 2001). However, modern federalism evolved from the federal type of government established by the United States' founders. The Federalist Papers, a series of articles written in 1787-1788 by Alexander Hamilton, James Madison, and John Jay, outlined the federalist ideas underlying the United States Constitution (Maggs, 2007). The contemporary federal system of government, which has its origins in the United States of America, arose following the 1787 Constitutional Convention, also known as the American Revolution (Vasudeo, 2019; Maggs, 2007). Currently, out of 193 countries in the world, 30 countries including Nepal are known as countries that adopt a federal system of governance. These include Argentina, Australia, Belgium, Bosnia and Herzegovina, Brazil, Canada, Comoros, Micronesia, India, Iraq, Malaysia, Mexico, Nigeria, Pakistan, Papua New Guinea, South Africa, North Sudan, South Sudan, United States, Venezuela, Germany, Spain, Russia, Switzerland, Serbia, and Montenegro whereby the practice of federalism looks exemplary in terms of power-sharing, public trust and effective service delivery (Breen, 2018; Shah, 2012; Mhango, 2012; Rosenn, 2005).

A federal government has a multi-order structure, with each order having both independent and joint decision-making powers, whereby it highlights the "coming together" or "holding together" concept (Shah, 2006). Where 'coming together' concept denotes that the independent states join together on their own to form a larger unit whereby the national government and the sub-national governments always seem to have equal powers (Sharma, 2014). USA, Australia, and Switzerland are a few examples of 'coming together' federalism (Shah, 2006). In the 'holding together' federalism, a large country decides to divide its authority between the member states and the central government. In holding together a federation, the central power always will maintain its dominance over constituent units which results in the lack of sovereignty to the member state (Sharma, 2014). India, Spain, Belgium are the best examples of this system (Shah, 2006). However, the compound form of these systems is federal governance, which ensures a self-governing and partnership-based governing system, autonomy at various levels of government, and cooperation in implementation. This fosters first, to distribute and assign the power and

functions to national and sub-national governments based on a variety of factors and political bargains. Second, looking at international practices, it ensures to develop social capital among communities, respect and manage existing social diversity, provide the fruits of development to the whole community based on equality, and good governance (Zafarullah, & Huque, 2012).

Some authors (e.g., Adhikari, 2020; Acharya & Chandrika, 2021; Burgess, 2005) contemplate that a well-functioning federal system is guided by a pluralist approach; however, federalism understands merely as a political system of power-sharing between different tiers of the government. Nevertheless, federalism creates a level of government with power and functions at national and sub-national levels, allows political choices to the citizen for their meaningful participation in the decision-making process, and reinforce accountability for good governance. Karki, (2014) describes that well-functioning democratic institutions, an independent judiciary, ethically bounded political parties, and democratic political competitiveness are successful characteristics of effective federalization.

In terms of policy, classical theories of federalism envision a federal state as a dual system comprised of the federation and the states (Gamper, 2005). In the classical realm, there are two basic theoretical interpretations of federalism to run (Hueglin, & Fenna, 2015). These are: "Self-rule" and "Shared rule". Self-rule refers to the degree of autonomy to which subnational units (States, provinces, autonomous communities, and so on) are free to decide, funding, and implement their own policies. Self-rule can also take many forms, such as the ability to make public policy decisions that differ from or even contradict upper-level standards, or the ability to earn revenue through taxation. A shared rule can refer to three distinct types of state governing power, depending on who is meant by the "sharing with" component, and "who this other is". Under the shared rule, sub-national entities can participate in decisions that affect the entire political system rather than simply their own governing structure. The second definition of shared rule refers to the horizontal collaboration between political units, with the federal authority being excluded. The third agreement dealt with the central government's powers and responsibilities. This is based on the evidence that when regions form a federal union, they transfer some powers to the new entities while keeping others under their sole control (Benz, 2018; Muller, 2017).

Federalism, in reality, is a political process that holds public institutions and actors accountable to the governing system and citizens (Burris, 2015). On the one hand, this process encourages the state and citizens to run the state efficiently by complementing each other, while on the other, it encourages citizens to mobilize for governance as a source of state power. On the other hand, it requires the people's elected representatives to include the people's voice in decision-making without discrimination

(Acharya, & Chandrika, 2020). According to this viewpoint, federalism fosters harmonious "partnership" between different levels of government (Adhikari, 2020; Shah, 2007). Riker (1964), on the other hand, believes that federalism is a game of power politics and rational choice in terms of political bargaining.

In the 1970s and 1980s, neoliberalism became more prevalent in policy regimes, primarily in democratic countries (Thorsen, & Lie, 2000). A significant factor in the rise of neoliberalism was that conservative and libertarian organizations, political parties, and think tanks, and one that they primarily advocated. It is commonly associated with economic liberalization policies such as privatization, deregulation, globalization, free trade, austerity, and budget cuts to increase the role of the private sector in the economy and society (Zafarullah, & Huque, 2012; Thorsen, & Lie, 2000). The conditional arrangement of neo-liberalism is institutional restructuring, linking institutions with market mechanisms, and distributing power between national and sub-national levels of governments so that federated government units can enjoy granted power and functions (Harmes, 2007). Ostrom (1991) illustrates that federalism is a way of life that provides representational democracy under greater political participation and shares power with different levels of government—each of which has its own institutional setup that directly concerns people. As a result, federalism is a prospect, movement, and agreement in the process of nation-building. It consists of the legislative, executive, judicial, political, and economic systems, public institutions, legal frameworks, policies and programs, expenditure management, and accountability, as well as the working style of elected officials and employees associated with public bodies, policy, and program implementation, responsibility to citizens, and resource utilization. (Karki, 2014).

In federal nations (Jha, 2017), the government focuses on developing more legislative frameworks to enable a greater degree of institutional mechanism and effective operationalization, allowing services to be delivered to all people. In Canada, the federal government has jurisdiction over the entire country, while each provincial government has jurisdiction over specific populations. The written constitution confers authority on both levels of government (Shah, 2006). The federal constitution of Russia emphasizes the autonomy of local government units, as well as the importance of information and communication technology in nation-building. It also guarantees political, social, and economic rights to all citizens, including the right to vote, access to food, healthcare, decent housing, and a means of subsistence (Moreno, & Colino, 2010). Unlike in Canada and the United States, where federalism was used to unite states that were previously autonomous political entities (Rosenn, 2005). In Brazil, a new constitution was drafted in 1988 under the federalization mandate, granting the federal government a broad range of exclusive powers. These include the authority to maintain international

relations, provide for defense, control currency, exchange rates, and mineral prospecting, as well as operate or regulate radio and television broadcasting, the post office, and the federal police (Souza, 2005).

Nonetheless, Dinch (2008) contends that the unitary system was one of the devils we knew, and that replacing it with federalism is a devil we do not know. According to Anderson (2015), due to poverty, political insecurity, religious intolerance, and poor governance in developing countries such as India, Iraq, and Nigeria, federalism has not produced the desired results, nor has it been able to bridge the gap between different states and end communal and ethnic tensions (Ghosh, 2020; Amah, 2017). Worryingly, there has been ample evidence in recent decades that such issues have been sparked and badly strengthened. In Pakistan, federalism deviates from its basic principles due to an unnecessary emphasis on ethnonationalism, conflicts, and separatism, which results in marginalized and excluded groups not being given equal opportunities or being disenfranchised from the state structure, and their presence in the system of governance being denied by the so-called elites (Khan, 2014).

Despite this, federalism in Australia allows for the logical distribution of shared power among different levels of government (national and sub-national), which resolves complex and overlapping divisions of responsibilities, increase cooperation, and reduces duplication of effort (Galligan, & Wright, 2002). However, some ambiguities have emerged in newly federalized countries regarding the dynamics of intergovernmental relationships, result-oriented inter-relationships between institutions established at different levels of government, development of citizen access mechanisms into government institutions, and collective analysis and resolution of serious issues in federalism implementation (Dredge, & Jenkins, 2003). Despite this, federalism in Australia allows for logical distribution of shared power among different levels of government (national and sub-national), which resolves complex and overlapping divisions of responsibilities, increase cooperation, and reduces duplication of effort (Galligan & Wright, 2002).

On contrary, many countries around the world have attempted but failed to implement the essence of federalism. Nigeria and Ethiopia have been subjected to authoritarian rule because they have been unable to address ethnic diversity democratically (Amah, 2017). Even though the democratic nation of Belgium has been gradually implementing federalism for more than thirty years, it has not yet achieved perfection (Reuchamps, 2011). Eritrea declared independence from Ethiopia because federalism guaranteed the right to self-determination. Since 1960, Nigeria has had six constitutions. In the last 50 years, the army has ruled there 28 times. Finally, attempts have been made through federalism to create 36 provinces and delegate power to all, but the problems have been exacerbated (Amah, 2017). Due to regionalism and ethnic

differences in Pakistan, political power has always been controlled and ruled by the military at various times (Khan, 2014). When there is a lack of equal capacity, one province of the nation becomes strong, while another becomes weak and paralyzed. Such disparities have the potential to fuel rebellion, socioeconomic dissatisfaction, and division. The main reasons for Jharkhand's separation from Bihar, Telangana's separation from Andhra Pradesh, and Uttarakhand's separation from Uttar Pradesh are unequal resource distribution and social dissatisfaction (Ghosh, 2020). Federalism does not appear to protect these countries from conflict, corruption, or the deterioration of democratic systems.

These are the disputes and mistrust between national and sub-national levels, as well as lower levels, over language, religion, rights on natural resources, borders, political and economic opportunities (Karki, 2014). As a result, nationalism, national unity, national consciousness, national self-esteem, national core policy, and national goals are being weakened due to the malfunction of federalism. It disputes the jurisdiction of national, subnational, and lower-level governments that makes the center weak. When the state is weak, non-state entities become powerful (Anderson (2015). When it comes to sub-national interests, the national interest is always being overshadowed. Many countries with large geographical areas and populations with ethnicity, language, or culture, on the other hand, have adopted a federal system with the right to self-determination (Hannum, 1998). In many European and African countries, for example, provincial governments were easily dismantled under self-determination rights (Mhango, 2012), but this can also be managed. The United States is one such example.

The experience of various countries reveals that federalism is practiced in a variety of different ways. Germany, Russia, and the United States have demonstrated that they practice federalism to come together as a force against many external challenges. Nepal, on the other hand, has turned to federalism in order to manage internal political and social issues as well as provide space for political cadres (Gyawali, 2018). Currently, the federal system of Nepal introduces a three-tier democratic government; and confirmed door-to-door service delivery, identity politics, mainstreaming of all castes and regions, politically stable government, inclusiveness in policy and programs, meaningful participation in decision making, autonomy, and self-determination to the sub-national entities, and institutional development of local democracy (GoN, 2015). However, over the last seven years, its practice has consistently resulted in budget spending on parliamentary recommendations, irrational staff adjustment processes, and non-decentralization of bureaucracy at the local level, as well as apathy towards democratic institutions, distrust, and non-cooperation between the state and federal governments, and state programs, are less citizen-centric (Acharya, and Zafarullah, 2020). Similarly,

the tendency of people's representatives to become more focused on personal benefits and facilities, as well as the amount of financial risk increasing year after year, has given the impression that Nepal's federalism has failed to move in the right direction, and many dissatisfactions have emerged at the grassroots level. In addition to that, criticisms remain that the current practice of electing proportional representatives has strengthened centralized administration on the one hand. On the other hand, people's representatives have been proven to be more answerable to their political party and faction, although being accountable for their people and region. Similarly, local levels such as rural municipalities and urban municipalities rely on the federal budget, which forces them to be accountable to the federal government (Gyawali, 2018).

This implies that Nepal's federalism is designed as a top-down cantered process, which has resulted in a chaotic relationship between the three levels of government on the one hand, and cooperation, coexistence, and coordination between them on the other. On the other hand, the 2015 Constitution does not fully address structural discrimination based on caste, ethnicity, or geography (Acharya, 2019). Based on the above discussions, this study will contribute to fulfilling the gaps of literature on concepts, methods, and way forwards to of newly practiced federalization and local governance system in Nepal.

Methodology

In this study, data was gathered from both primary and secondary sources. Fourteen local government units were purposively selected from Lumbini (Babai RM, Lamahi, Kohalpur municipality, Pyuthan municipality), Karnali (Kapurkot RM, Musikot municipality, Dullu municipality), Bagmati (Manthali municipality, Balefi RM, Chandragiri municipality, Nilkantha municipality), and Sudur-Paschim (Joryal RM, Bedkot municipality, Patan municipality) Provinces. Purposefully, 72 key informant interviews were conducted as a primary source of data. The fieldwork was done from February – September 2019 in which an interview was conducted with 14 Mayor, 14 Deputy Mayor, 10 Chief Administrative Officer, and 5 Dalit women members from local government units. Additionally, 8 secretaries (Lumbini, Karnali, Bagmati, and Sudur-Paschim Provinces), from provincial governments were selected and interviewed. Next, 3 officials from the Ministry of Federal Affairs and General Administration as coordinating institution of LGs at the federal level, 2 representatives of local government associations, 2 representatives from development partners, 6 representatives from six national political parties, which were identified by the election commission of Nepal were included. These were the Communist Party of Nepal UML, Nepali Congress, Communist Party of Nepal-Maoist Centre, Federal Socialist Forum Nepal, Rashtriya Janata Party Nepal, and Nepal Socialist Party. Apart from that, a

personal interview was done with 8 service recipients, who came to the different municipalities for service purposes. During the data collection period, the author physically presented and observed the operation of federalism, local governance system, service delivery mechanism, and citizen responses. These interviews were designed to gather the opinions and attitudes of participants on the effectiveness of federalism and the power sharing mechanism under the federal mechanism. Open-ended and open-structured questionnaires were administered for the interviews. One-hour interviews were conducted with every interviewee, which were recorded electronically and transcribed later, and presented according to them.

In the end, the qualitative data were transcribed and coded according to four thematic issues and interpreted as needed. Similarly, secondary data sources were primarily the Constitution of 2015, the Local Government Operation Act of 2017, the Intergovernmental Fiscal Transfer Act of 2017, and related Acts and regulations. The result is discussed in the section below.

Results and Findings

Power Separation and Its Practices

In Nepal, post-restructuring of the state, power, functions, and authorities were devolved based on the principle of separation of powers at all three levels with similar types of rights (i.e., legislative, executive, and judiciary) through the Constitution. To balance and control power between the three levels of government, arrangements have been made, which are 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. See below the observation of a high-level federal ministry officer who was interviewed during the course of the study. His view reflects the mentality of the power-sharing:

In the past 7 years, the federal government prepared and enacted many laws as envisioned by the constitution, but in terms of its implementation for power devolution and power separation a kind of unholy alliance between politically elected government representatives, and individual interests of the civil servants created ineffectiveness. For example, a meeting of the National Coordinating Council chaired by the Prime Minister has not been held as per provisions of the recently formulated federal, province, and Local Level (Coordination and Interrelation) Act, 2077 BS.

At the local level, local governments consider as the collective form of the executive, the judiciary, and the legislature. An example can be seen that the same person represents legislative, executive, and judiciary organs in different ways.

Mayors are frequently involved in the preparation,

approval, and implementation of laws in all municipalities. When complaints are lodged against such laws, the mayor is personally involved in resolving them. The deputy mayor has the right to a judicial committee and a resources advisory committee under the 2015 Constitution and the Local Government Operation Act 2017. Similarly, the chief administrative officer is in charge of day-to-day administrative tasks as well as staff management. The mayor's imposition in the judicial and resources advisory committees, as well as his interest in day-to-day administration, pose challenges to the separation of powers.

Nonetheless, some municipalities established exemplary work for power equalization. In these municipalities, executive bodies forwarded all concluded decisions in assembly meetings (legislative body) for final approval whereby the legislature checked and approved the decisions tabled by the executive body, passed the annual policies, budget, and program, legalized the draft laws, and development policies. Regardless of such practice, the current legal provisions the mayor/chair acts as head of the assembly, who is also leading as head of the executive board. The deputy mayor/chair also acts as head in absence of mayor/chair, and the leads as coordinator of the local judicial committee. In addition, all elected members who participate in the assembly as members are local legislature and key role in the executive function. Such a complex structure seems to have a conflict of interest in policy and law-making process as well as implementation. This indicates power separation at the local level seems to be weak as the same person represents in the executive, legislature, and local judicial committee.

Despite these, functional separations, balance, and control appear to have taken place to some extent. For example, the executive controls the legislature through plan and budget and staff, and council elections, while the legislature controls the executive through the implementation of the plans and programs, lawmaking, and the accounting committee. However, when the legislative power, the executive power, and the judicial power are in one place, most of the local level mayor/chiefs, deputy mayor/chiefs, and elected representatives seem to have made laws according to their discretion and convenience and seem to have implemented them accordingly. A right example of this is the revenue and tax arrangements implemented at the local level and the land distribution arrangements made in the name of the landless. This indicates the separation of power at the local level has been completely rejected and power is centralized with the same leadership. The executive submits its policy and program to the legislature and examines the policy and program in the assembly. The executive implements the policies and programs approved by the assembly meeting whereby the executive must be answerable to the assembly whether it has been implemented or not. Therefore, the executive

cannot act in an authoritarian manner. This approach focuses on cooperation, coexistence, and coordination among the government organs. If the three organs of the government are left to their own devices in the name of independence by disobeying this principle, the result will be not positive, and each organ does not cooperate with others.

Public Trust on New Institutional Framework

The constitution 2015 has defined Nepal as a multi-ethnic, multi-lingual, multi-religious, and economic class-based society as the essence of federalism. In this process, people had a greater degree of expectation that the democratic government will adopt a welfare approach so that a greater degree of pluralism, alliance, and citizen representativeness can be ensured. However, a different special interest of the politicians for their election constituencies, and identity feelings of the people not only created turmoil in the state restructuring process but also amplified the crisis in the governance system.

During the state restructuring process, three alternative ideas were recommended to the Local Level Restructuring Commission. These were (i) ethno-regional and ethnic autonomous regions, (ii) regional capability, (iii) and regional politico-administrative divisions. To the state restructuring process, people strongly believed to end the troublesome exclusion and scale up economic prosperity on the one hand. On the other hand, it could have been enforced to distribute unlimited central authority to the sub-national level. Thus, federalism was considered the prime agenda of the political parties, which appeared as the responsibility of all political parties for its implementation. Unfortunately, the political parties did not understand its importance, consequently, it began to move as status quo. Instead of leading the major political parties to realize the seriousness of their responsibilities and pave the way for the implementation of federalism, the responsibility was handed over to a bureaucracy that is indifferent to federalism. The devolved constitutional rights were unbundled by the centralized bureaucracy and approved by the council of ministers without extensive discussion between political parties or experts and stakeholders. A mayor expressed his view about the existing working culture of the state followingly:

All political movements related to democracy, decentralization, and civic rights in Nepal are successfully concluded by the joint effort of civil society led by political parties. However, the process when moves towards ruling the government, and power-sharing, the political parties lead to greater trust in centralized-minded bureaucracy than in civil society. To bureaucracy, they are educated to recentralize the citizen rights on democracy and decentralization.

A cursory glance reveals two aspects of the elaboration of the list of powers passed by the council of ministers. First, the tendency to concentrate the rights at the center as much as possible, and second, to create ambiguities in the devolved powers. Looking at both these aspects, the intention is to direct the interests and responsibilities of the government, employees, and political parties in the status quo, and not to decentralize the decision-making role. There were several reasons that have been contributed to this mindset. First, neither the political parties made their leaders aware and oriented towards the expectation and responsibility of federalism, nor had they given priority to the necessary commitment and appropriate development and encouragement within the bureaucracy. Post federalization, the local level enforced the tax ranges in different scope. For example, the lack of clear explanation in the Constitution 2015 and the Intergovernmental Finance Management Act-2017, the public must pay at least five types of taxes to both the province and local levels. Both constitution and Act have been included the real estate registration fee, vehicle tax, entertainment tax, advertisement tax, and agricultural income tax in the list of common rights. Currently, the local level imposed the tax based on merely local level fiscal Act, which was not issued by the local gazette as the law related to taxes and non-taxes. No provinces have made any law related to this. According to this right, if the law is passed by the province and local level, the taxpayer must pay double tax. The creation of such an unprepared obligation increased the distrust of the citizens towards the new political system. Such criticism would not have happened if the political parties had properly trained and oriented their cadres at the local level to explain the types and rates of taxes, quality expansion of service facilities, ability to pay taxes, and increase income and employment.

Second, the need for federalism relied upon inclusive development and devolution of power at the grassroots level. The previous state mechanism did not give priority to the people and the state could not reach the people. For example, justice became expensive, services were captured by certain groups, and the public administration became burdensome. Since the distribution of government budget, there was a trend of discrimination, and the ability to spend the allocated budget and the system was declined. Third, in the past, the people did not have constant contact with the state and politicians. In 2017, local, provincial assembly, and federal legislative elections were held from the first-past-the-post electoral system, and the proportional electoral system for the federal and provincial levels. At the local level, 35000 local council representatives were elected to overcome a democratic vacuum through an inclusive approach that aimed to end all forms of social, political, and economic discrimination and promote a form of socialism based on democratic norms and values. However, post-election the governing bodies were unsuccessful to address the sentiments of the

people due to the menacing influence of money, lack of publicly connected candidates, non-existence of business plan of the candidates, and lack of knowledge to set the priority based on public demand. Apparently, it shows the current mechanisms do not have the capacity to connect the state, politics, and the people in new dynamics. A service recipient expressed his view about the elected representatives followingly:

People friendly, but financially deprived political leaders and cadres generally do not get tickets for election due to lack of setting, and inapt relation with big leaders. We don't know who gets the ticket for our area and who elects. But we feel difficult to explain our problems to unknown people's representatives. Sometimes, we get the opportunity to share our problems with them, we feel uncomfortable, and not sure about its hearing.

At the action front services and opportunities seem to be accessed and controlled by the elites and the persons who hold the position they distributed the services according to their wishes. Eventually, it widened the gap between the 'haves' and 'haves not', and between the area of accessible and the inaccessible. As a result, the local government did not work in past 4 years as it could. In the last 4 years, the local governments were not been able to enact the necessary laws to implement the 22 exclusive rights conferred by the constitution, or even the prepared laws were not been enacted based on the basic legal framework. In the study area, high-ranking officials, including people's representatives, were reluctant to prepare and enact the new laws. Apart from these, the 22 exclusive and other concurrent rights were unbundled by federal bureaucrats, which were unbundled for their convenience. These kinds of behaviors indicate the trust crisis at the local level.

Equalizing Power among the Governments

Article 57 of the constitutional provisions the state power and lists the exclusive and concurrent rights to be exercised by the federal, provincial, and local levels. Similarly, Article 232 of the constitution defines cooperation, coexistence, and coordination as key principles to establish the relationship between the federal, provincial and local government. According to these provisions, the current power-sharing mechanism is trying to exercise a balanced approach. This connects the different tiers of government on the one hand. On the other hand, they make governments more accountable to the citizens, for their decision-making process, resource allocation, political participation, and other legislative, executive, and judiciary functions. The constitution further guaranteed that the power relations among the three levels of government are not hierarchically related, so that each type of government enjoyed certain exclusive powers that can be exercised independently. Currently, the federal, provincial, and local governments were

able to build coordination to enact laws, make annual plans and budgets, formulate policies and strategies, and implement them regarding the subjects related to fiscal power. Nonetheless, political shenanigans from the federal level have percolated into provinces and local levels. A parliament-led political party's leader expressed his view in relation to power equalization among the three tiers of the governments.

The division of state power between three tiers of the government is a precondition of federalism. However, there seems to be a lot of inconsistencies, duplications and mistrusts in these tiers of government during the exercise of constitutional rights, duties, and responsibilities. The main reasons for such ambiguities are embezzling in policies, legislations, and institutional arrangements.

In Nepal, six years have passed that Nepal has been formally transformed to a federal democratic republican system, but the power still seems to be considered as a top-down approach. Many anomalies appeared at the action front of federalism. First, the recent practices have proved that due to political connection and economic dependency, provincial and local governments never raised their voices to hold their rights. As a result, their capacity is always underestimated by the federal government, and policy and legal hurdles are also not favorable to them for independent work. As for supporting legal frameworks such as Acts, regulations, and by-laws were not prepared by the federal government. For example, there are about 380 laws currently in operation. Of these, 164 laws related to the implementation of federalism need to be fully amended. Similarly, 150 laws have been amended in general. About 50 old laws must be repealed (GoN, 2018).

Similarly, the federal government has not prepared all the laws that need to be made for the provinces and local levels. There is a need to make laws related to the 35 rights under the lists of the constitution of the federal government. The provinces have also not prepared all laws related to the 21 exclusive rights granted by the constitution. Although the federal government prepared the Local Government Operation Act 2017 to implement the 22 exclusive rights of the local governments conferred by the constitution, it has abundant duplications and ambiguities that have appeared in the federal and provincial laws. Many laws related to the concurrent rights of the federal government and the provinces have not been enacted. These contributed to the dilemma in the effective implementation of federalism in Nepal. The rational distribution of state power is the key step in the implementation of federalism. Therefore, the federal government should prepare laws related to the list of rights provisioned in the constitution. The provinces cannot make their own laws unless the federal government makes laws related to those rights. Similarly, the local level is not able to make its own laws unless the federal and provincial governments make necessary laws. Seen in this light, the federal government is in a dilemma of

implementing federalism.

Second, the local governments were not able to enact the necessary laws for the implementation of the 22 rights conferred by the constitution, or they failed to enforce the prepared laws in the past three-year period. Although the federal government supported the local governments by preparing some model laws, these model laws on the one hand envisioned a centralized mindset, on the other hand, local governments seem to be established as sectoral line agencies of the federal ministries, which use to the outlet of the service delivery. These ambiguous functional rights have put the federal government at the center and created space for decentralization. These processes eventually widened the gap between the 'have' and 'have not', between the accessible and the inaccessible areas. These failed to meet the hopes and aspirations of common people in broad justification of federalism. A representative of development partner expressed his dissatisfaction about the current move of the federalism followingly:

Federalism can change the system, help to redefine the dimensions of development and service delivery mechanisms. But, unless the ruling actors are ready for the corrective change in their behavior and thinking, the achievements of change cannot be protected.

Instituting Intergovernmental Relationships

Intergovernmental relations are provisioned by the constitution 2015. This anticipates legislative interrelations between federation and provinces; inter-province council; coordination between the federation, province, and local level; commence inter-province trade; formal and informal processes of resource mobilization and institutional arrangements; promote strategic partnerships, and enlarge bilateral and multilateral cooperation within and between the three-level of governments. The constitution further highlights that federation shall support the provinces to promulgate the legislation to build intergovernmental relations between federation and provinces.

In addition to these, the constitution has provisioned a number of institutional mechanisms to accelerate intergovernmental relations. First, an inter-province council mechanism has been provisioned under the 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 as a key fiscal governance Act. This act reinforces the 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 reduces the disparities in local service delivery among the subnational territories. Similarly, the government of Nepal has approved the unbundling list of the exclusive and concurrent powers of the federation, province, and local levels.

Despite such provisions, the IGR in Nepal goes through a transition due to the absence of supportive laws for work responsibilities and resource allocation; dishonest political culture and leadership; and inadequate administrative, technical, and financial capacity. These made IGR not only fragile but also created dependency syndrome at all three level governments to high-level political leaders. This process undermined the institutionalization of IGR and political democracy and did not properly justify the spirit of federalism. Despite that, there are internal problems of coordination that remained between federal and provincial institutions, and federal-provincial–local governments in terms of IGR. Similar problems have remained with intra government units mainly on coordination of policies, plans, and programs.

Institutional structures for coordination at the federal, provincial, and local levels are yet to be formed or are being formed. Especially at the federal level, the centralized mentality is strong in policy formulation and implementation. At the province and local level, there is a tendency to depend and look upwards. To coordinate between the different tiers of governments for the implementation of federalism, merely a meeting was conducted at the federal level between federal and provincial level governments. A similar tendency was repeated between provincial and local level governments. The main reason behind not being able to work was lack of trust among the political representatives and bureaucrats, politics to hold the power and function, and capacity to execute the functions. A Mayor expressed his experience on IGR in the following way:

Owing to our lack of capacity, the federal government continuously forwarded model laws in the name of capacity building and cooperation. Accepting federal assistance for model laws has created a severe problem of conflict between schools and local governments. The federal government forwarded us a model law of education by-law. Based on this, we prepared local education by-laws, approved, and enforced to organize school education. However, our decisions and actions were declared invalid by the Supreme Court. The reason was the education by-law was promulgated in the absence of parental law. We believe this behavior does not contribute to the institutional development of IGR.

Discussions

Institutionalizing Accountability: Commitment or Ivory Tower?

Accountability implies with the governing system, that an individual or an organization are evaluated on their performance or behavior; and responsibility for actions, decisions, and policies which is seen more from the perspective of oversight (Shah, 2007). This mechanism measures the government and employee's performance and controls the quality that makes public services more transparent, policies and legal frameworks are oriented in line with public aspiration, and trust of the citizen towards the governments are established (Acharya, & Zafarullah, 2020). Thus, accountability can be defined in three ways: (i) vertical, based on a principal-agent; (ii) horizontal, which encompasses the checks and balances in the exercise of state power and that exercised by specific oversight institutions; and (iii) social/public, the control exercised by multiple civil society organization and independent media on public sector officials (Ocampo, & Gómez-Arteaga, 2016). In developing countries, the concept of accountability was employed as vital embodiments in the politics, economy, and social structure during the 1990s (Shah, 2007). However, many developing countries are still struggling with political and socio-economic elusive due to deceptiveness of governance, lack of answerability (the obligation to inform, explain and justify decisions and actions), weak enforcement of policies and legal frameworks (the capacity of accounting agencies to impose sanctions on public sector officials who violate their duties); and unclarity on the delimitation of responsibility (duties and performance) (Shah, 2007).

In Nepal, the recent shift of the political system from mono-centric government to multi-centric governance enforced many legal and institutional mechanisms are being restructured and encouraged the citizens' participation in the political and economic system as a social right of a citizen. This shift has prescribed three types of accountability mechanisms for practice in the public spheres. These are political (election), administrative (horizontal and vertical connection), and public/social accountability (government agencies accountable to citizens) (Acharya, & Zafarullah, 2020; Sharma, 2014). Similarly, various legal and institutional mechanisms related to social responsibility have been formulated. Among them, the constitutional system has envisioned an accountability mechanism at the national level. The constitutional provisions that the members of the executive are individually or collectively accountable to the parliament; the Auditor General, a constitutional body, is responsible to audit public expenditure on the basis of regularity, effectiveness, efficiency, economy, and justification; the commission for investigation of abuse of authority has been arranged to reduce the possibility of

arbitrariness in the exercise of rights; and supreme court and other courts of various levels are institutions to provide treatment for violation of civil rights (Adhikari, 2020). These initiatives support increasing the accountability of the governance through developing effective networks of checks and balances among constitutional organs enabling them to perform their institutional duties, keep the integrity and reconcile internal demands of Nepalis to balance the competitive influence of external actors' service delivery system.

In addition, some other legal provisions such as the Good Governance Act 2007 and Good Governance Regulation 2008 are also in practice to strengthen accountability at the different levels of government. These legal instruments are expected to facilitate accountability while conducting administrative work, enactment of citizen's charter, conduct a public hearing and public audit, conduct public expenditure tracking and public satisfaction, organize complaint management system, increase the role of civil society and accountability bodies, and implement the performance agreement system. These efforts have not only divided the power, resources, and authority based on the necessity to all levels of governments, but also opened the avenue for local people to realize their hopes and aspirations (Acharya, & Zafarullah, 2020). However, the new power-seekers, ruling under the guise of democracy, have done very little for the people. Power-seeking behavior and political instability portray Nepal as a state in which political parties, through massive unlawful and non-transparent activities, can shape the rules to their advantage. Several studies (Acharya, & Scott, 2020; Adhikari, 2020) argue that the majority of Nepal's political leaders are corrupt and consider 'state-power' as their paternal property. Many of these types of leaders are representatives in local, provincial, and federal government councils, cabinets, and the central committees of the major political parties. Similarly, the 57th annual report of the Office of Auditor General (OAG) is based on 5,619 government offices, which completed the audit for FY 2018/19 that shows 6 federal ministries and their department out of 22 and other 35 federal government agencies had procured the goods without any competitive bidding process allegedly against the mandate of the Public Procurement Act. The OAG report shows that the government's arrears only this year stand at Rs 664.4 billion, which is almost 100 percent more compared to the government's arrears till last year worth Rs 377.4 billion (GoN, 2020).

At the local level, accountability is often connected in terms of public participation and service delivery, which are key components to the success of liberal democracy, and local governance. There are many facets of public accountability which build strong relationships between state and citizen, teach to local representatives and public authorities about their roles and responsibilities, educate students to generate and use financial resources, and promote

citizens to engage in the state machinery (Suebvises, 2018). To strengthen the capacity of local government and its stakeholders and that of the government officials, for their constructive engagement for service delivery, there are social accountability (SA) approach and tools (public hearing, public audit, social audit, gender budget audit, citizen charter, public satisfaction survey, public expenditure tracking system are in practice (Adhikari, 2020). However, lack of responsibility, power-centric attitude, cynicism, and political brokering are creating unlawful characteristics at the local level of politics. Among many, financial indiscipline is a chronic disease at the local level that is spreading desperately, which affects the planning and budgeting process, stakeholder engagement, procurement, and expenditure patterns, and accounting management. The biggest irresponsibility is systematic negligence of the Auditor General's annual report (GoN, 2017). The 57th annual report of the OAG shows that the arrears are worth NRs 38 million at the local levels across the country (GoN, 2020). As OAG indicated many points regarding misuse of power and resources at the local level. First, some local governments have not approved the budget from the assembly and have gone beyond the approved budget headings, and have been writing expenses in an irregular manner. Second, while monitoring the projects at the local level with the spirit of the LGOA 2017, fake monitoring reports are prepared, irregularities are reported by not going to the monitoring field. Payment seems to be given and taken. Third, while carrying out development works, the same work has been shown to be duplicated by paying false bills and making payments. Fourth, public procurement activities at the local level are not lawful and transparent and there is collusion in procurement activities. As per the existing procurement act regulations, the payment is to be made only after the completion of the work. According to a study conducted by an independent organization (GoN, 2017). With 3,000 people in 15 districts in the fiscal year 2075/76 27.3 percent of the respondents, corruption has increased after the local elections, while 28.0 percent of the respondents said that the level of corruption remained the same. 29.8 percent of the respondents appeared neutral (GoN, 2021).

Another reality reveals that the workload of the local government is assigned by the constitution, LGOA- 2017, and other laws, however, local level performance is different rather than the legislative framework due to lack of institutional capacity and adequate human resources (Adhikari, 2020). This shows institutional conditions need to be improved and urgent to address the following questions. First, what initiatives have been taken by the local governments to make the provisions of exclusive or concurrent rights given by the constitution effective? Who took responsibility for this? Is it necessary to come to the notice of the people? Second, to what extent, the local level representatives show their sensitivity towards the interests of the people. Whether or not they have created a conducive

environment where the people could reach the doorsteps of the local level. Third, the inclusion of *Dalits*, women, *Adivasis* or the voiceless in the society in the mainstream of the local level were included or not. Fourth, are local governments able to develop mechanisms to engage local people to monitor activities in accordance with the legal mandate (Acharya & Zafarullah, 2020). If this could have happened, there would have been a sense of accountability at the local level, and local representatives and their officials are more concerned with the accountability mechanism.

Autonomy: Bargaining Instrument or Means of Transformation?

Autonomy is a self-governing system, which encompasses self-rule, constituent units, elected representatives that govern meaningful authority over confined matters, in decision and execution (Agranoff, 2006). In a broader sense, autonomy means a political system in which bodies that are constituted for political or other purposes can make their own decisions to operate their system (political or geographical area or institution) (Hewitt, 2004). Legal recognition from the state is a prerequisite for autonomy. However, such bodies are coordinated with the upper tiers to decide on common issues and the legal authority plays the most important role on this matter (Acharya & Zafarullah, 2020). In liberal democratic countries, the political or geographical regions or institutions that have legally gained autonomy from the state can involve the citizens in this process without deciding on all the components of autonomy (Agranoff, 2006). For example, a referendum is considered as a suitable means to get the opinion of the citizens. There are ample examples, both nationally and internationally, of the system of governing the state, which has been practiced in a definite or holistic way in the autonomy of a political or geographical region or institution, both nationally and internationally. However, in the federal system, generally special powers related to autonomy are made more available to lower bodies (Sharma, 2014).

Evidence (Alibegović & Slijepčević, 2018; Hewitt, 2004) indicates that the autonomous regions have achieved many positive outcomes. First, it ensures citizen participation in governing systems that improve the delivery of services and citizens have easy access to services. Second, it supports the development of social capital between communities and makes it much easier to manage the existing social diversity. Third, through considering the autonomy in a small scale of political entities, it becomes easiest to distribute the development program to the whole community because of equity and institutionalize participatory development as a major development agenda. This process can ensure the quality of life of citizens and maintain good governance in governing bodies.

The main purpose of autonomy is to implement the legally transferred rights to the autonomous region, protect

the personal freedom of citizens (Alibegović & Slijepčević, 2018). In federalism, the legal rights of autonomous units are clearly defined, and they have the autonomy to practice the legislative, executive, and judicial, including law-making, planning, and budgeting, policymaking, and planning implementation, and citizen participation (Debela, 2020). Indonesia passed the Decentralization Act in 1974 (Hidayat, 2017). India proceeded to give financial autonomy to all levels of Panchayats in 1993 (Ghosh, 2020). In Nepal, the Local Self-Governance Act, and Regulation 1999 provided authority to local bodies to receive financial autonomy and revenue sharing from the center. But those provisions could not be implemented effectively (Adhikari, 2020). Similarly, the constitution 1990 provisioned three tiers (central, district, and lower) of government in which the local bodies mainly District Development Committees (DDCs) and lower-level bodies (Municipalities/Village Development Committees) had received limited autonomy mainly in service delivery, planning, and implementation. However, a deep-rooted centralized governance system vandalized the new governing system and added continual suppression and exploitation to various castes, languages, and isolated geography (Acharya, 2015). In 2015, the new constitution was promulgated under the federalism that focuses on inclusive, equitable, and participatory development process; decentralize the administrative and financial system and devolve it to the lowest level; and make accountable the government mechanisms to the people. However, the outcomes of federalism are yet to be achieved.

In Nepal, the constitution has provisioned the power, resources, and rights to various levels of governments based on necessity and justification. Similarly, all tiers of the government are enjoying their autonomy in which they use legislative power including administrative, executive such as planning and budgeting, policy-making and project implementation, and judicial functions including law-making, and judiciary (Acharya, & Scott, 2020). However, half a decade after the implementation of federalism, local governments seem to be unclear about the responsibilities and roles of autonomy. On the other hand, the centralized mentality of the federal government towards the implementation of the exclusive and concurrent rights available to the local governments because of the constitution that is also complicating the federal government in the name of the principle of proximity (Adhikari, 2020). Likewise, the protected areas and special autonomous regions mentioned in the constitution have not been implemented even after five years of drafting the constitution. Due to these mentalities, a crucial question has been raised whether the federal system is considered a means of transformation of the local people or it is adopted only as a bargaining tool between the national and local levels. To end this situation, the federal government should prepare clear criteria for the implementation of concurrent rights, and that more rights should be developed. However,

both the federal and local levels seem to be weakening each other's commitment to the means of bargaining for autonomy and the implementation of federalism. Apart from the procedural implementation of the constitutional rights (legislative, executive, and judiciary), the local elected representatives are seeking personal benefits from federal governments and development partners, unnecessary dependence on federal institutions, conflicts among the elected representatives, and jealousy towards the bureaucracy are common phenomena. According to the new governance structure, the local governments themselves can develop their capacity and exercise their own rights, enact necessary laws.

Nonetheless, such realities contribute to weakening the accountability to the citizens and gradually raise the question mark over the autonomy of the local levels. For example, many local governments have appointed their party cadres as advisors, experts, consultants, and staff; elected representatives have mobilized their own heavy equipment in development infrastructures; unnecessarily take the facilities of vehicle, and house rent; approve the low-quality projects; taking bribes from contractor, consultants; prepare fake reimbursement and forging signatures; fail to settle the advance and increase the trend of advance payment; procurement rules and regulations are not followed goods procurement and budget expenditure; taking double benefits in the name of travel allowance and on/off time meetings; allocate a huge volume of funds under the title of Abanda (reserve fund) and spending from the decision of the executive, and not to follow the provisions of the law and not even to conduct audits. Last year (2076/077), the audit was completed for NRs. 740.65 billion whereby 38.13 million NRs remained arrear. Similarly, 105 LGs were unable to organize the council meeting to approve the budget on time (GoN, 2020). This leads to a serious question of whether LGs are strengthening local democracy and good governance, or they are misleading local governance.

In addition, there is a growing problem of power separation and balance at the local level. According to the principle of separation of powers, when the same person becomes the head of the executive, the legislature, and the judiciary at the same time, there is a conflict of interest. Local dictatorships can be born without other management to control the decision-makers. Due to such reasons, the federal government has begun to regulate the local governments rather than giving them more autonomy. First, preparation of model laws and their issuance to the local level for approval. Second, financial federalism continues to be complicated through a complex legislative process, which is not simplified by the federal government through the simplification of laws. Finally, the management of the chief executive officer at the local level seems to emphasize control of the LGs rather than balance. Thus, federal governments intend to see the failure of local governments by creating hurdles. As the federal

government thinks, if the local governments are competent in technical, economic, legal, and service delivery, the federal government will lose direction and control, due to the centralized mentality.

Conclusions

The functions, responsibilities, and power of the three tiers of government have been divided through the constitution to institutionalize federalism in Nepal and make the governance system more inclusive, participatory, and accountable to the citizen. Furthermore, adequate functional autonomy has been granted to all tiers of government for legislative, executive, and judicial functions, which is expected to increase citizens' trust in government. Aside from that, power equality and intergovernmental relations between governments will be established, allowing people of all classes and regions to access services without discrimination. This process will empower the people and decentralize Kathmandu-centric power to the grassroots. However, it requires strong political and bureaucratic commitment. But in a country where the executive devalues the legislature, the judiciary interferes with the executive's working area, and the executive undermines the judiciary. In such circumstances, the path to federalism in Nepal appears to be extremely difficult.

When we look at the efforts made so far for the institutional development of federalism, we see that the role of sub-national governments has been limited primarily to the formulation of policies, Acts, and revenue sharing. The province and local governments rely heavily on the federal government in these areas. Despite the constitutional power of the legislative, executive, and judicial bodies at the local level, the role of local governments is merely in managing and implementing the equalization and conditional grant as regulatory institutions of federal ministries. Furthermore, local governments are experiencing upheavals in capacity, expenditure management, undue influence from development partners, conflicting duties, and work responsibilities, and fiduciary risk in expenditure management.

Federalism, on the other hand, is regarded as a panacea for distributing power and functions among governments. The success of federalism is dependent on the actions and outcomes of political leadership, state bureaucracy, and citizen response. The federal concept can be implemented in four critical ways. First, the federal concept's actions and outcomes foster diversity within unity. It reconciles the majority of social, economic, and political differences. Second, the federal concept encourages inventiveness and innovation in meeting people's needs. A federal system invites intensive leadership at all levels to work toward genuine solutions to the problems of a diverse and complex society by providing multiple sources of political strength and inventiveness. Finally, the federal concept is

distinguished by a balance that prevents excesses while encouraging full, unrestricted play of innovation and initiative. The division of powers between national and state governments, the separation of legislative, executive, and judicial authority, and the absence of monolithic national parties all contribute to this balance.

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