

## **Navigating Intergovernmental Relations in Nepal's Federal Structure**

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The first amendment of Interim Constitution of Nepal 2063 accepted the restructuring of the federal system of Nepal. The Constitution of Nepal 2072 [*hereinafter* 'Constitution'] then established Nepal as a federal republic consisting of three levels of government – federal, provincial, and local, and outlined the powers of each level of government. The interrelation and interoperability of the three levels of government is a crucial aspect of effective governance in federal structure of Nepal. The Constitution serves as the foundational document that establishes and defines the powers, functions, and relationships between three levels of government. Part 5 of the Constitution outlines the structure of the state and the distribution of state power. Schedule 5, 6, 7, 8, and 9 of the Constitution establish the powers of the federal government, powers of the province, common rights of the federation and province, powers of the local government, common rights of the federation, province, and local government respectively.

This multi-level governance system is designed to address the diverse needs and aspirations of the country's various regions and communities. Intergovernmental relations in a federal system involve interactions, cooperation, and coordination between different levels of government. The Constitutional framework for intergovernmental relations in Nepal is primarily designed to address historical inequalities and promote social inclusion in our governance and development processes. It does so by establishing a decentralized power structure, particularly, by establishing representative structures at each level, election processes for each level, and delineating the exclusive, concurrent, and residual powers of each level of government. This clarity is aimed to reduce ambiguity and lay the foundation for collaboration and coordination in a decentralized power structure.

Nepal's federal system of governance faces its own unique challenges in navigating effective intergovernmental relations. It is a difficult task to ensure equitable

representation and to redress historical inequalities, with our federal entities being divided along ethnic and geographic lines. The equitable allocation of resources among the federal entities is difficult to manage as there are differences in the pace of economic growth in different geographic areas with their own unique economic necessities. It is equally difficult to guarantee diverse group representation and inclusion in decision-making processes as envisaged by the Constitution and if not adequately addressed by the federal structure, it will fail to embrace the spirit of state restructuring for effective governance. Political instability has also accompanied Nepal's shift to federalism and effective operation of federal structure is vulnerable to frequent changes in government and power disputes.

Part 20 of the Constitution outlines the interrelations between the federation, province, and local level. Article 232 guides that interrelations between three tiers of government should be based on the principles of cooperation, co-existence, and coordination. To effectively manage intergovernmental relations, the Constitution outlines dispute resolution mechanisms for effective federal governance. Article 137 provisions a Constitutional Bench which primarily has the jurisdiction to resolve federal disputes between three tiers of government. Article 234 also prescribes an Inter-Province Council to resolve political disputes arising between the federation and a province and between the provinces. Article 235 empowers the federation to make necessary laws to maintain intergovernmental coordination and the provincial assembly to maintain coordination between province and municipalities and resolve disputes in accordance with provincial laws. Article 251 also outlines a mechanism for allocation of revenue between three tiers of government to minimize financial conflict.

It is crucial to achieve an effective intergovernmental cooperation to achieve the hope and aspirations of good governance and inclusive development in the new federal structure. Developing the provinces' and local levels' capabilities for governance and administration is essential to the effective implementation of federalism. This involves creating institutions and building the capacity of the actors for efficient service delivery

and the development of requisite infrastructure to support the operation of federalism, which can be a challenge for Nepal. It is also crucial to have a thorough institutional and legal framework on the duties and authorities of the governments to minimize ambiguity and reduce intergovernmental conflict. Moreover, promoting active public engagement and awareness of the federal government's organizational framework is equally essential to federalism's effectiveness as insufficient involvement in the governance processes may result in discontentment among the public, which is prevalent.