

"Resource Disparities and Regional Development in Federal Nepal"

The transition to a federal structure of governance in Nepal was a historic and transformative moment in our nation's history. Nepal's transition to a federal structure in 2015 was aimed at fostering regional development and inclusivity and it was envisioned as a means to empower local government as well. However, persistent resource disparities among provinces have posed a significant challenge to this vision, hindering the balanced growth of the nation.

Development planning in Nepal began in 1956 when the National Planning Commission was established. Under the federal system, all three levels of governments- federal, provincial and local- have the authority to make and implement their own periodic plans. Article 59 (1) of the Constitution states, "The Federations, Province and Local levels shall make laws, make annual budget, decisions, formulate and implement policies and plans on any matter related to financial powers within their respective jurisdictions". However, we have observed differences in the resource allocation among provinces even though handed over with such exclusive powers.¹

Resource disparities, particularly in economic and infrastructure development, have created uneven progress among provinces. According to a study conducted by the World Bank in 2021, these disparities are starkly evident, with the more prosperous regions, such as the Kathmandu Valley, enjoying a disproportionate share of resources, investments and development projects, while the more remote and underprivileged regions struggle to access the benefits of federalism.² This imbalance hampers the overall development trajectory of the nation, undermining the core principles of federalism.

Actually, these resource disparities hinder the development of critical sectors like education, healthcare, and infrastructure, which are essential for economic growth and human well-being. Furthermore, they even have the potential to foster feelings of marginalization and discontent among the communities that are left behind. The impact of these disparities is particularly evident in the case of remote and mountainous regions, where the geographical terrain and limited access to resources make development even more challenging. For example, the Karnali and Far-Western provinces face unique challenges due to their remoteness and vulnerability to environmental factors like landslides and droughts.³ These regions require special attention and targeted investments to bridge the resource gap.

Uneven resource distribution contributes to economic inequality, limiting opportunities for employment and economic growth in less developed regions. This further exacerbates regional disparities and hinders overall national progress. It is essential to explore various approaches to manage these disparities and build a overall developed nation. Implementing robust resource equalization mechanisms, such as revenue-sharing arrangements and targeted development funds, can help bridge the economic gap among provinces. This approach ensures that each region has the necessary resources to invest in its development. Government can

¹ "Devkota, Khim Lal, Amrit Shrestha and Abhas Ghimire (2021): *Planning and budgeting in the Provinces of Federal Nepal- A Comparative Analysis*. Madhu Raman Acharya, ed. Kathmandu: The Asia Foundation.

² World Bank, "Nepal Country: Economic Update", 2021.

³ Shrestha, A. (2020). "Challenges of Federalism in Nepal: A Critical Analysis." *Journal of Governance and Development*, 16(2), 45-62.

opt for another approach by prioritizing infrastructure development in resource-poor provinces to create a more level playing field. This includes investments in transportation, education, and healthcare infrastructure to spur economic growth and enhance the quality of life for residents.

I believe its high time that the legislative formulate policies that address the specific needs of each province. Tailoring development strategies to the unique challenges of different regions ensures a more inclusive and equitable approach to governance. It is essential to empower local governments with the necessary resources and authority to make decisions that align with the development needs of their communities. Strengthening local governance ensures a bottom-up approach to development, taking into account the diverse needs of each region.

Addressing resource disparities is imperative for realizing the full potential of federalism in Nepal. By implementing targeted policies, fostering inclusive development strategies, and prioritizing resource equalization, the nation can navigate the challenges posed by regional imbalances and work towards a more balanced and prosperous future. After all, federalism not only intends constitutional divisions of powers of government among two or more orders of government, it is equally devoted to the allocation of resources. ⁴In the absence of proper allocation and utilization of resources federalism cannot be survived. To conclude, proper allocation of resources is necessary and a balanced approach must be adopted for this while creating federations.

⁴ Krishna Belbase, "Federalism in Nepal: Issues and Challenges"
<https://classic.iclrs.org/content/blurb/files/krishna%20belbase.pdf>