

# From Decentralization to Federalism, Policy Directions

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# Structure of the presentation

- ▶ Background
- ▶ Defining decentralization
- ▶ Nepalese efforts
- ▶ Characteristics of decentralization efforts
- ▶ Achievements
- ▶ Federalism
- ▶ Policy directions

# Background

## Decentralization:

- ▶ Is a global phenomenon
- ▶ Is one of the major ingredients of governance reform as well as an effective means of service delivery and poverty reduction
- ▶ Way of inclusive local democracy
- ▶ Art of local/Provincial public management
- ▶ Is both a necessity and compulsion
- ▶ It's level may be varied and need based

# Dec .contd.

- ▶ Politics is the key driver
- ▶ Centralist mindset and power hungry politicians and bureaucrats are the permanent obstacles for real decentralization of power.
- ▶ Reform in decentralization and devolving power is always in transition

## 2. Defining decentralization

- ▶ Process of power sharing among the levels of government
- ▶ Process must blend functions, funds, and functionaries
- ▶ Decentralized power should exercise through the elected, participatory and inclusive mechanism followed by accountability
- ▶ Decentralization comprises policy and legal framework, fiscal framework, institutional provisions and operational framework
- ▶ Political, fiscal, administrative and market decentralization are the major types of decentralization
- ▶ Transfer of authority, responsibilities and resources through de-concentration, delegation or devolution from center to lower -levels of governments

# 3. Nepalese efforts: three approaches

- ▶ Constitutional (BS 2004 -2072)
- ▶ Administrative reforms: deconcentrated model
- ▶ Legal (local -self governance and sectoral laws)
  - i. Village municipal and district Panchayat acts and regulations
  - ii. Village and district development committee acts and Municipality Acts.
  - iii. Local Self-governance Act 2055 and regulation 2056.

## 4.Characteristics of decentralization:

- ▶ Cosmetic, without strong political commitment: slogan
- ▶ Limited, guided and centrally controlled
- ▶ Poor institutional management and weak performance
- ▶ Upward accountability
- ▶ Limited local democracy and services
- ▶ Unfunded and under funded mandates
- ▶ No priority under administrative and governance reforms
- ▶ Pervasive power up to me and political pork barreling culture

## 5. Achievements:

- ▶ Practiced hybrid model of decentralization comprising delegation , deconcentration, and devolution.
- ▶ LSGA 1999 is milestone for devolution
- ▶ Decentralized administrative set-up and developmental agencies.
- ▶ Local democratic exercise and participatory planning practices
- ▶ Fiscal decentralization and local taxation culture built
- ▶ Localized public services



## 5. Achievements contd.

- ▶ Community empowered and demand side strengthened
- ▶ Practiced transparency and accountability
- ▶ Connected people through local governance
- ▶ Social capital enhanced
- ▶ Downward accountability demanded

# Federalism:

- ▶ Federalism is a constitutionally established system with at least two orders of government each of which has some genuine autonomy from the other. The governments at each level are primarily accountable to their respective electorates.

-Forum of Federation

- ▶ Arranging multi layer governments with exclusive and concurrent responsibilities.
- ▶ Asymmetric allocation of responsibilities could also be applicable.

# Federalism contd.

- ▶ After adoption of the new constitution in 2015, Nepal has been transformed into federal republic democratic country from unitary mode of governance
- ▶ The constitution has allocated state authorities into three tiers of the government i.e. federal ,provincial, and local.
- ▶ The list of authorities (annex 5-9)are divided mainly into exclusive and concurrent.
- ▶ Residual power and arrangement of autonomous region are also spelled out in the constitution.

# Federalism Contd.

- ▶ The constitutional lists are elaborated into 1795 activities and assigned to all the three tiers. It is special task we did and instrumental to make operationalized federalism in each tier.
- ▶ For the first time, all the tier's election has been held and the elected officials are working in their respective offices.
- ▶ Inclusive and multiple democracy is being strengthened.
- ▶ The restructuring of the state has been completed. The restructuring of the then local bodies transformed into local government is an extraordinary achievement and fundamental to deliver services at the local level

# Federalism contd.

- ▶ The first federal budget is under implementation
- ▶ Transitional human resource arrangement is being done gradually.
- ▶ Central level restructuring is completed with heavy top level.
- ▶ All the tiers have prepared their budget and respective budget is under operation
- ▶ Strengthening federalism is a continued process and we hope that it will be .

# 7. Policy directions

- ▶ Ownership and functional institutional arrangement
- ▶ Proactive and supportive political as well as bureaucratic culture
- ▶ Intergovernmental relations and dynamic federalism
- ▶ Democratic government and rule of law at all tiers.
- ▶ Proper management of human resource
- ▶ Working culture
- ▶ Formation of National Natural Resource and Fiscal Commission

# Policy. Contd.

- ▶ Planning priority and coordination
- ▶ Austerity measures and financial discipline including current cost standards
- ▶ Capacity strengthening and adoption of technologies
- ▶ Regulatory federalism
- ▶ Check and balance at every level of government
- ▶ Judicial contribution

# Policy...contd.

- ▶ Conflict resolution
- ▶ Leading and nurturing federalism
- ▶ Developing and engaging champions of federalism
- ▶ Fiscal balance and equalization
- ▶ Culture of tolerance and accommodation



Thank you!

