



STRENGTHENING COOPERATIVE FEDERALISM IN NEPAL

Inter-Governmental Relations: From Coordination to Delivery

WHY INTER-GOVERNMENTAL RELATIONS MATTER

Nepal's Constitution envisions a federal system based on the principles of cooperation, coexistence, and coordination among the Federal, Provincial, and Local Governments. Effective Inter-Governmental Relations (IGR) are essential to ensure policy coherence, coordinated planning, efficient service delivery, fiscal sustainability, and improved governance outcomes for citizens.

As Nepal enters the second decade of federalism, the focus is shifting from establishing institutions to strengthening their performance, accountability, and ability to deliver results. Strong IGR mechanisms are critical to making cooperative federalism work in practice.

PLGSP SUPPORT TO STRENGTHENING IGR

The Provincial and Local Governance Strengthening Programme (PLGSP) supports the Government of Nepal in strengthening both vertical coordination (Federal–Province–Local) and horizontal coordination (Province–Province and Local Government–Local Government) to improve collaborative governance and service delivery.

KEY AREAS OF SUPPORT



Strengthening constitutional and legal frameworks for IGR



Supporting national, provincial, and sectoral coordination mechanisms



Mapping and tracking IGR decisions and implementation



Facilitating Provincial Coordination Councils



Supporting evidence-based policy dialogue on federalism



Developing recommendations for strengthening cooperative federalism



Promoting digital information sharing and coordination systems



Supporting implementation of the 99-point federalism recommendations

KEY IGR MECHANISMS IN NEPAL

National Level

Inter-Provincial Council

- Resolves political disputes between federal and provincial governments
- Chaired by the Prime Minister

National Coordination Council

- Apex platform for federal-provincial-local coordination
- Supports policy harmonization and implementation follow-up

Intergovernmental Fiscal Council

- Facilitates fiscal coordination and federal transfers

Federal Thematic Committees

- Coordinate sectoral issues across government tiers



Provincial Level

Provincial Coordination Councils

- Facilitate coordination between provincial and local governments

Provincial Thematic Committees

- Support sector-specific coordination and implementation

Administrative Coordination Mechanisms

- Strengthen operational coordination and implementation support



KEY FINDINGS FROM NEPAL'S IGR ASSESSMENT



What Is Working?

- Constitutional foundations for cooperative federalism are firmly established
- Coordination mechanisms exist across all three tiers of government
- Fiscal federalism systems are operational
- Provincial and local governments are increasingly participating in policy dialogue
- Intergovernmental cooperation has expanded significantly since 2017



Key Challenges

- Weak implementation follow-up of decisions
- Inconsistent functioning of coordination mechanisms
- Functional overlaps and unclear mandates
- Fragmented planning and budgeting processes
- Limited information sharing across tiers
- Uneven provincial coordination capacity
- Weak performance monitoring and accountability systems
- Limited tracking of decisions and commitments

THE NEXT PHASE OF FEDERALISM

From Coordination to Delivery

The next generation of federal reforms should focus on:



Stronger implementation and follow-up mechanisms



Better performance monitoring and accountability



Enhanced role of provinces as coordination hubs



Digital interoperability and information sharing



Evidence-based decision-making



Citizen-centred governance



Stronger collaboration across all three spheres of government

GETTING THE SEQUENCE RIGHT

Effective federal implementation also depends on the sequence in which decisions are made. A policy decision at one level may require laws, financing, administrative arrangements, information systems or institutional capacity at another level before it can be implemented effectively.

Early coordination can help governments understand these dependencies and align the necessary steps. This can help ensure that policies are not only agreed, but are also practical and ready for implementation across the federal system. In line with the PLGSP Programme Document, strengthening IGR requires reforms to be carefully sequenced—from putting the necessary administrative foundations in place to strengthening the institutions and capacities needed for effective inter-governmental action.

PLGSP VISION

STRONGER COOPERATION • BETTER COORDINATION • IMPROVED SERVICE DELIVERY

Building a federal system that not only coordinates effectively but delivers results for citizens.



Government of Nepal
Ministry of Land Management, Co-operatives, Federal Affairs and General Administration
Provincial and Local Governance Strengthening Programme

Technical
Assistance

