Federalization of Agriculture Sector: Issues and Challenges
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Abstract
The research examines the current issues and challenges of sectoral restructuring and assesses local governments' performance in agricultural service delivery at the local level under the federal system in Nepal. This study was conducted using a mixed method during 2019-2021 in three local governments at the local, Karnali Province, and federal levels. Qualitative methods such as KIIs, FGDs and field observations were used to analyze the issues and gaps in functions, institutions and policies in the agriculture sector under the federal system. Whilst qualitative methods and an empirical survey among 300 farming households were conducted to assess local governments' performance in agricultural service provisions. The qualitative data were analyzed using the thematic analysis method, and the quantitative data were analyzed using descriptive statistics such as frequency and percentage. Findings revealed that functional overlap, duplication and lack of coordination between the three tiers of the government as major issues in sectoral restructuring. Farming household surveys revealed that local governments are effective in the timely delivery of agricultural services. However, farmers indicated their lower level of agreement on the capacity of the local staff, policies, institutional mechanisms, participatory process in planning and financial resource allocation for agricultural services. The performance of these three local governments on agricultural service delivery was affected by leadership priority and commitment, local policies, local staff capacity, resource allocation and external support. Overlapping and duplication in service delivery roles, weak local capacity, higher conditionality of intergovernmental sectoral fiscal transfer and less priority of local governments in financial resource prioritization are current issues and gaps in agricultural service delivery. The findings suggest the demarcation of the roles and responsibilities between the three tiers of the government, strengthening local capacities and revisiting local governments' institutional arrangement for effective agricultural service delivery under the federal system.

Keywords: Federal system, function, institutions, local governments, policies, three tiers of the government

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1. Introduction

Agriculture is one of the major sectors of the Nepalese economy (NPC, 2020), contributing about 24.9% of the Gross Domestic Product (GDP) of the country (MoALD, 2021a) and employs 65% of the country’s population (MoALD, 2021b). The country has prioritised the agriculture sector for decades to alleviate poverty and achieve economic growth and overall development. In the Fourteenth (Three-Year Interim Plan 2017-2019) and Fifteenth Periodic Development Plan (FY 2019/20-2023/24) of the country, top priorities have been continued to the agriculture sector (NPC, 2016, 2020). The Government of Nepal (GoN) has committed to achieving the Sustainable Development Goals (SDG)\(^1\) by 2030. In relation to the agriculture sector, SDG has aimed to double the agricultural productivity and incomes of the small-scale food producers, increase investment in rural infrastructure, agricultural research and extension services, technology development and ensure a sustainable food production system.

Moreover, the GoN has conceived *Prosperous Nepal Happy Nepali* as a long-term development vision of the country. The Fifteenth Periodic Plan has been taken FY 2019/20 as the base year for achieving this long-term vision. With this vision, the GoN has set a target to upgrade the country into a middle-income country by 2087 BS and a higher-income developed country by 2100 BS (NPC, 2020). Together with food and nutrition security, to achieve these developmental goals and prosperity, overall growth and development of the agriculture sector are one of the country’s major political and economic agendas (Constitution of Nepal 2015; NPC, 2016, 2020).

Nepal’s constitution (Article 36, p.17) exclusively provisioned the right to food and food sovereignty. Article 51 (p.26) has outlined the state policies with major provisions regarding the agriculture sector, such as land consolidation, increasing production and productivity, commercialization, industrialization, diversification and modernization. The constitution has also stated that three tiers of the governments should have policies to increase investment in the agriculture sector for sustainable production, supply, storage, security and smooth distribution of agricultural produce (Constitution of Nepal, 2015, p.23). All these constitutional provisions have clearly shown the agricultural sector's political and economic significance and its restructuring under the federal system in Nepal.

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\(^1\) Sustainable Development Goals (SDGs) or Global Goals are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.
Under the federal system, Nepal has three tiers of government—federal, province and local. The schedules of the power of the constitution (Schedules 5, 6, 7, 8 and 9) have outlined the power of federal, province and local Governments. In relation to agriculture, agricultural and livestock development is the responsibility of the province (Schedule 6, p.197), whereas agriculture and animal husbandry, agro-products management, animal health and cooperatives, and operation, management and control of agriculture extension, under the jurisdiction of local government (Schedule 8, p.201). In addition, ‘agriculture’ is included in the list of concurrent power between the three tiers of the government (Schedule 9, p.202). The federalization of the sector has resulted in a shared function where agricultural development and service delivery functions are highly decentralized to the province and local levels, respectively. These provisions of exclusive and concurrent power related to agriculture would have significant impacts such as autonomy in policy design, institutional arrangement, staffing, priority setting and financial resource allocation (Kyle & Resnick, 2016; Subedi et al., 2019; Devkota, 2020; Bishwakarma et al., 2020, 2021). Moreover, political, fiscal and administrative autonomy will affect intergovernmental relations (IGR), such as coordination and linkages between three tiers of the government in sectoral governance.

The reorganization of the agriculture sector in general by dismantling regional and district organization have brought significant changes in the overall governance of the agriculture sector under the federal system. Such changes are expected to assign distinct roles and responsibilities to each tier of the government, establish new institutions for respective roles and responsibilities, and formulate policies to address the changed governance structure at the three tiers of the government. Moreover, the change in the overall sectoral governance is also expected to establish new intergovernmental relations (IGR) between three tiers of the government in terms of coordination and cooperation for agriculture sector development.

In this context, the broad objective of this study was to understand and assess the issues of sectoral restructuring and service delivery under the federal system and to assess the performance of local governments in agricultural service provisions. The specific objectives were;

i) to analyze the functions, institutions and policies in the agriculture sector under the federal system,

ii) to assess the performance of the agricultural service provisions, and

iii) to identify and analyze current gaps and issues in agricultural service delivery.

Based on the above specific objectives, this study has attempted to answer the following research questions.
a. How are functions division of the work related to the agriculture sector in three government tiers as per the provision of Schedule 6, 8 & 9 (exclusive and concurrent powers) in the Constitution?

b. How three tiers of the government have set up their institutional mechanisms, and what are the issues of institutional arrangement?

c. What is the status of the policies required to implement the agricultural functions at three tiers of the government under the federal system?

d. How are the agricultural service delivery functions at local levels performing as per the existing legal provisions under the federal system?

e. What is the local governments’ performance in agricultural service provisions based on the farmers’ response? And,

f. What are the current gaps and issues in agricultural service delivery under the federal system?

Furthermore, the study documented the key features of the agriculture sector and its governance under the federal system. Though sectoral restructuring is a recent development, the first electoral period (five years) has been over, and the second local election was held in May 2022. Therefore, it was logical and enough time to assess those aspects mentioned above regarding the agriculture sector restructuring and the performance of the local government on agricultural service delivery under the federal system.

2. Research methods

2.1 Research site

This study was conducted at three local governments (Belaka Municipality from Province One, Simta Rural Municipality and Musikot Municipality from Karnali Province), Karnali Province and the federal level. These three local governments were selected based on the progress in institutional setup (e.g. establishment of Agriculture Development Section and Livestock Development Section, Economic Development Committee, Agriculture Development Committee at each local government), formulation of policies and their translation into practice, priorities and programme, geographical diversity and farming context.

Karnali Province was selected mainly due to its diverse geographic conditions and progress in establishing institutional mechanisms and policies in relation to the agriculture sector. Two-thirds of the population of this province depend on agriculture for their livelihood, employment and income (Karnali Province Planning Commission, 2019). Karnali MoLMAC has initiated some distinctive agricultural programmes - such as organic agricultural production and partnerships with the Agriculture and Forestry University and Nepal Agriculture Research Council (NARC) for study and
organic agriculture research activities. The agriculture sector provides 33% of the Karnali Province GDP, which is considered a key area for growth potential in employment and income (Karnali Province Planning Commission, 2019).

2.2 Data and methods

This study employed a mixed method- i.e. qualitative as well as a quantitative method. A qualitative method was used to obtain a more detailed description and explanation of the experiences, beliefs and behaviour to answer the how and why questions and to explore the agriculture sector restructuring process focusing on functions, institutions and policies between the three tiers of the government and to assess service delivery performance. Under the qualitative methods, this study used Key Informant Interviews (KII) (n=50), Focused Group Discussions (FGD) (n=8) and field observations (n=9). The composition of KII has been provided in Table 1.

Table 1. Composition of key informants selected for in-depth interviews

<table>
<thead>
<tr>
<th>Level</th>
<th>Institutions/groups</th>
<th>Key informants</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local (Belaka, Simta and Musikot)</td>
<td>Agriculture Development Section/ Livestock Development Section of Belaka, Simta and Musikot</td>
<td>Officials (officers, JT/JTAs) form each Agriculture Development Section and Livestock Development Section</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Municipality</td>
<td>Mayor, Deputy Mayor, Ward Chairs</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Agriculture Development Committee</td>
<td>Coordinator/Committee member</td>
<td>3</td>
</tr>
<tr>
<td>Province (Karnali Province)</td>
<td>Ministry of Land Management Agriculture and Cooperatives</td>
<td>Secretary, senior officers, mid-level officers</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Directorate of Agriculture Development, Directorate of Livestock Development, Training Centre, Integrated Agriculture Lab</td>
<td>Director/Acting Director, Senior officers, Section Chiefs</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>AKC/ VHLESC from Udayapur, Rukum West</td>
<td>Chief/ officers</td>
<td>6</td>
</tr>
<tr>
<td>Federal</td>
<td>Ministry of Agriculture and Livestock Development</td>
<td>Secretary, Joint Secretaries, Senior officers</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>DoA, DoLS, Crop Development Centers, PMAMP</td>
<td>Director/ Chief, Senior officers, Information officers</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Independent persons</td>
<td>Experts including from academia</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>50</td>
</tr>
</tbody>
</table>

(Source: Key informants’ interview, 2019)
Three FGDs, one in each local government, were conducted at the local level. Participants of FGD at the local level included elected representatives (Mayor/Chair, Deputy Mayor/Chair, Municipal Economic Development Committee Coordinator and member of Agriculture Development Committee) and staff from the Agriculture Development Section and Livestock Development Section. Five FGDs at Karnali province-level institutions (Directorate of Agriculture Development, Directorate of Livestock Development, one AKC, one VHLSEC and Agriculture and Livestock Business Promotion and Training Centre) were conducted. Six to eight participants were included in each FGD. The participants in Karnali province-level institutions were selected based on their knowledge, experience and engagement in the areas of their responsibilities. Field observations were mostly focused on three local governments and Karnali province-level institutions. At three local government meetings of the Municipal Executive Council, Agriculture Development Committees, progress review and planning meetings of Agriculture and Livestock Development Sections, agriculture policy/strategy formulation workshops/meetings and training events were observed. During the field visits, the physical, institutional, human and financial capacity of the Agriculture Development Section and Livestock Development Section was discussed.

Moreover, an empirical survey among 300 farming households (100 farming households from each municipality) was conducted to assess the farmers' response to the performance of the local government in agricultural service provisions. The structured questionnaire for the household survey consisted of 16 positively constructed statements associated with the agricultural service provisions at the local level. This list included availability, relevancy and timeliness of the agricultural services, information flow, agriculture-related activities of local government and accountability of local government; the institutional mechanism for service delivery, local staff capacities, participatory process in planning and decision making, public hearing, partnership for service delivery and allocation of financial resources for agricultural service provision at the local level. Likert type of scale, developed by Rensis Lickert in 1932 (Warmbrod, 2014), was used to indicate respondent farmer’s agreement or disagreement on a five-point scale; strongly agree (5), agree (4), moderately agree (3), neutral (2) and disagree (1) for each statement. In the Likert scale, the response continuum for each statement is a linear scale indicating the extent respondents agree or disagree with each statement. The scale's statements express a belief, preference, judgment, or opinion.

The qualitative data obtained from the KIIs, FGDs and field observations were analyzed using the thematic analysis method. Thematic analysis is a method for identifying, organizing, describing, and reporting themes within a data set (Braun &
Clarke, 2006). Quantitative data were analyzed using descriptive statistics such as frequency and percentage. Both qualitative and quantitative components were executed (design, sampling, data collection and analysis) simultaneously (parallel) and integrated at results and discussion. Moreover, relevant literature was reviewed to support the research findings and interpretation of the results.

2.3 Limitations of this study

This study principally concentrated on three local governments: Belaka Municipality from province one and Musikot Municipality and Simta Rural Municipality from Karnali Province for local level and only Karnali Province for province-level study. Due to higher autonomy in policy design and priority setting among each province and local government, the institutional arrangement, including staff, policies, capacities, socioeconomic and political context, priorities, and programme, might differ in other provinces and local governments. Hence, this study could not cover the institutional arrangements, policies and capacities for agriculture service delivery at other local governments in other provinces. Moreover, this study has not covered a detailed assessment of institutions and their effectiveness at the federal and provincial levels. Furthermore, this study covered a very initial few years of exercise and experiences in agriculture sector restructuring, which is new to the country. Therefore, due care and attention should be taken to the generalization of the results of this study. Moreover, 300 farming households were sampled for a household survey and could not capture the response of a larger population across the country. These limitations indicate the need for similar studies in other provinces and local governments periodically to generate robust knowledge and literature in this area.

3. Results and discussion

3.1 Functions, institutions and policies in the agriculture sector under the federal system

This section elaborates on the agricultural functions, institutions and policy provisions at the federal, Karnali Province and three governments at local levels and presents the findings of functional analysis, institutional arrangement and their effectiveness and policy formulation process at federal, province and three governments at the local level. Furthermore, this section presents the analysis of current gaps and issues of functional overlap, mismatch in institutional arrangement and issues in the policy formulation process at the federal, Karnali Province and three local governments of the local level.
3.1.1 Agricultural functions at three tiers of the government

The power and functional assignment related to the agriculture sector provisioned in the schedules of power 6, 8 and 9 of the Constitution of Nepal are summarized in Table 2. In its functional elaboration, the Federalism Implementation and Administrative Restructuring Coordination Committee (FIARCC, 2016) has defined 14 concurrent functions at the federal level related to national-level policy, regulatory, quality control, international trade, research, and coordination with development partners. The province has assigned 20 functions related to agricultural development and formulation of provincial-level policies. The local level is responsible for agricultural service delivery, further elaborated in the Local Government Operation Act (LGOA, 2017).

Table 2. Power and functions related agriculture sector at three tiers of the government

<table>
<thead>
<tr>
<th>Federal</th>
<th>Provincial</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Function</td>
<td>Power</td>
</tr>
<tr>
<td>Concurrent 4 Agriculture</td>
<td>14 functions: related to national level policies, Acts, standards, planning and regulation</td>
<td>Exclusive 20 agriculture and livestock development</td>
</tr>
<tr>
<td>Concurrent 4 Agriculture</td>
<td>As above</td>
<td>Concurrent 4 Agriculture</td>
</tr>
</tbody>
</table>

(Source: Constitution of Nepal, 2015; FIARCC, 2016; LGOA, 2017)

The functional elaboration of the agriculture-related power provisioned in Schedule 6 indicates that the province would remain the focal point for agriculture and livestock development. The province is responsible for agriculture mechanization, research
and promotion of agriculture and livestock-related technologies, and development and operation of agriculture market infrastructure. The province is also responsible for supplying and regulating seeds, fertilizers and pesticides. The Constitution has provisioned the local governments with full authority, autonomy and accountability on agricultural service delivery, including local level agricultural development activities.

The unbundling report (FIARCC, 2016) has listed 14 concurrent functions related to the agriculture sector based on concurrent power (Schedule 9). The key informants and focused group expressed that many agricultural functions listed under the exclusive power of province and local levels have also been listed under the federal and province level during unbundling of concurrent power (Schedule 9). For example, agricultural development activities, supply management and regulation of agricultural inputs, and quality control-related responsibilities are listed under the exclusive and concurrent functions between federal and provincial levels. Likewise, agriculture development functions, matters relating to agriculture extension and those relating to training and capacity development and empowerment of farmers at the provincial level overlap with the local level.

Analysis of the KIIIs and FGDs indicated that overlapping exclusive and concurrent functions had created two major issues in exercising the agriculture sector-related powers in the province, and three local governments were investigated. It has contributed to creating a narrative at the federal level that, as shared power, the federal level’s say is more and more to do with agriculture functions. At the implementation level, such mixing has created a delay in defining roles and responsibilities, a delay in functional transfer, staff deployment and sectoral intergovernmental fiscal transfer at Karnali Province and three local governments—Belaka, Simta and Musikot. For example, responsibilities related to managing and regulating chemical fertilizers, seeds, pesticides, and research are not yet transferred to Karnali province though these functions are also listed under the provincial roles. Moreover, the activities related to animal husbandry, and animal health, particularly clinical services, have been found largely held and controlled by the federal level (DoLS), which says that the local level does not have the capacity. Such delay in the functional transfer has created confusion in institutional arrangement and organogram of agricultural institutions in Karnali province. In the three local governments, the functional transfer delay has resulted in duplication in agricultural service delivery, challenges in resource management, staffing and capacity building of local institutions for agricultural service delivery.

Moreover, confusion and unclarity remained in executing functions such as regulating
the agriculture market, partnership management and agricultural infrastructures. Besides such mixing of exclusive and concurrent functions, the unbundling has missed the sectoral coordination function between three tiers of the government. 95% of the Key informants (n=50) expressed that the lack of such sectoral coordination function and mechanism has limited the sectoral coordination between three tiers of the government under the federal system. These findings correspond to the observations of Shrestha (2019) & Bishwakarma et al. (2020 & 2021).

Based on the spirit of the Constitution and the subsequent federal laws such as LGOA, 2017, there is a need for the demarcation of roles and responsibilities between three tiers of the government in relation to agricultural development and service delivery roles. Scholars (Upreti et al., 2009; Chiamogu et al., 2012; Upreti, 2016) have argued that different tiers of the government in the federal system must have demarcated spheres of activity which can operate independently of each other. According to Benson & Jordan (2015) and Boddewyn (2015), the principle of subsidiarity suggests that the higher-level government should perform only those tasks which the lower-level government cannot perform equally well or better. Rijal & Upreti (2022) have added that according to the principle of subsidiarity, responsibility for service delivery should be at the lowest level of government, compatible with the size of the benefit areas associated with those services.

Moreover, such demarcation of roles should align with the spirit of the Constitution and subsequent federal laws. The Constitution of Nepal has delineated agriculture development as the province's exclusive power and agriculture service delivery as the exclusive power of the local government. The LGOA (2017) further elaborates on the local government’s roles and responsibilities regarding agricultural service delivery. Subsequently, the Federal, Province and Local level (Cooperation and Interrelation) Act 2020 has reinforced that the functional assignment should be based on the subsidiary and noninterference principle. Moreover, this Act has provisioned that the federal government can delegate administration of any activities, programmes or projects under federal exclusive or residual power to the province or local governments if the implementation of such functions through the subnational governments could be proven as more cost-effective, sustainable and result into effective service delivery.

3.1.2 Institutional arrangement at three tiers of the government

One of the major effects of sectoral restructuring has been observed in the changes in the institutional arrangement at three tiers of the government. Federal, Karnali Province and three local governments investigated have established institutions for agriculture-related functions (Figure 1).
3.1.2.1 Institutional arrangement at the federal level

Under the leadership of the Ministry of Agriculture and Livestock Development (MoALD), the federal level consists of three Departments and three Centers (Figure 1). Besides these Departments, the federal level has established Nine Central Agencies (three under MoALD and six under DoA) by rearranging the previous Directorates and programmes. For example, the former Vegetable Development Directorate, National Potato Development Program and National Spice Crops Development Program have been merged into a single organization, the National Center for Potato, Vegetables and Spice Crop Development under the Department of Agriculture. Such Centers have been established for Agronomical Crops, Horticultural Crops, Industrial Insects, and Agricultural Infrastructures. The objectives of such Centers are to work as centres of Excellence for particular commodities and areas and provide technical support to the federal government. However, the analysis of the KIIIs, current roles and an annual programme of these central level institutions revealed that these institutions are mainly continuing their pre-federal roles, struggling to justify their presence and acting as intermediaries for transferring the conditional programme to province and local governments.

Moreover, the federal level has established separate projectized institutional arrangements to implement federal-level projects in almost all districts, such as the
Prime Minister Agriculture Modernization Project (PMAMP). Though these projectized structures are time bound (e.g. PMAMP for 10 years), such arrangements have been found to delay the transfer of roles and responsibilities to the province and local level. Nevertheless, few projects have already been transferred to provincial and local level, but still federal government working as the implementing agency creates the duplication and confusion of the work. Thus Federal government should implement large project and agri-infra development. The analysis of the KII’s indicated that such projectized institutional arrangement at the federal level with retaining a larger number of senior level staff at the centre is against the Constitution’s spirit and the agriculture sector’s restructuring. Moreover, the federal level has not yet restructured the Nepal Agriculture Research Council (NARC), though the agriculture research function has also been provisioned at the province level.

3.1.2.2 Institutional arrangement in Karnali Province

The establishment of a sectoral ministry- the Ministry of Land Management Agriculture and Cooperatives (MoLMAC), is one of the major institutional arrangements in agriculture governance under the federal system (Figure 2).

![Image of Organogram of Karnali Province MoLMAC](Source: Karnali Province MoLMAC, 2020)

The Karnali Province MoLMAC has established five major divisions related to...
agriculture development, livestock development, administration and cooperatives, planning and land management under the provincial minister's leadership. Altogether, 13 sections (four sections under agriculture development, two under livestock development, two under planning, two under land management and four under administration and cooperative) have been established. The organogram of the MoLMAC of Karnali Province is shown in Figure 2.

Moreover, Karnali Province has established the Directorate of Agriculture Development (DoAD), the Directorate of Livestock Development (DoLD), the Agriculture and Livestock Business Promotion Training Center, and an Integrated Agriculture Laboratory at the province level and the AKCs and VHLSECs at the district level and two Horticulture Development Farms (in Dolpa and Humla) district). The pre-federal institution's DADOs and DLSOs were dismantled in FY 2016/17. Although, there are 7 research and outreach centres of NARC in Karnali but lacks in provincial level agricultural institutional set-up. Thus, it can be argued that either separate provincial institution can be established or these research station can be handed over to province or strong collaboration is required with Provincial Government. Furthermore, in 2019, Karnali Province Government changed AKCs to Agriculture Development Offices (ADOs) and VHLSECs to Veterinary Hospital and Livestock Service Offices (VHLSOs) to focus their mandates on agricultural development activities and service delivery. Moreover, Karnali Province has initiated agriculture development activities, particularly focusing on organic agriculture production and promoting organic produce.

Analysis of the KIIIs and FGDs revealed that Karnali Province's institutional arrangement in the agriculture sector has some gaps and limitations, such as lack of sufficient human resources, limited physical facilities and lack of need-based organogram and role clarity. Such gaps have been found negatively affect the performance of Karnali Province institutions. For example, besides some progress in organic agriculture promotion, limited progress has been found in other agricultural development activities such as commercialization, mechanization, agricultural market-related infrastructure and regulation mechanisms as compared to development potential in Karnali Province. Moreover, Karnali Province MoLMAC has deputed locally contracted (temporarily) officer-level staff to fulfil its human resource requirement to some extent to support the implementation of province-level agricultural development activities.
3.1.2.3 Institutional arrangement of three local governments

Belaka, Simta and Musikot have established Agriculture Development Section and Livestock Development Sections. These Sections have been responsible for agricultural service delivery, including agriculture and livestock development activities in these three local governments. The High-level Federal Administrative Restructuring Committee, 2017 (HFARC, 2017; p.138-141) has outlined two different institutional arrangements at local governments; i) Agriculture Livestock and Cooperative Development Section and Veterinary Health Regulation Section at Metropolitan Municipalities and ii) Agriculture Development Section, and Livestock Development and Regulation Section at Sub-Metropolitan Municipalities, Municipalities and Rural Municipalities. Moreover, in terms of staff arrangement, officer-level staff (Agriculture Officer and Livestock Officer or Veterinary Doctor) has been provisioned at metropolitan, sub-metropolitan and municipalities, whereas only JT/JTA level staff has been provisioned at Rural Municipalities. This difference in staffing provision has affected staff deputation, particularly in Simta.

Moreover, Belaka, Simta and Musikot have established Agriculture Development Committees (ADC) at the municipal level under the leadership of the elected representatives (Mayor in Belaka and Musikot, and Chair in Simta as coordinator of the committee). The major roles of ADC in each municipality have been identified to facilitate sectoral coordination, monitoring and policy formulation matters related to agriculture in local government. The performance of local level institutions (Belaka, Simta and Musikot) in implementing agricultural functions has been briefly described under section 3.2.

3.1.3 Major issues on the institutional arrangement under the federal system

Analysis of the current institutional set-up, particularly at the federal level, indicated that the institutional arrangement had been focused mainly on adjusting the existing institutions (pre-federal mechanisms) and human resources, mostly at the federal level. It has resulted in the current institutional arrangement being supply-driven rather than demand-driven, which is found visibly bureaucratic-centric rather than client focused (e.g. the fragile service delivery institutional arrangement at the local level). Functionally, the federal government is responsible for regulatory functions, but many institutions at the federal level are found either carrying out their pre-federal functions or acting as intermediaries to transfer the conditional programme. For example, DoA and most of its respective centres have transferred activities to province and local governments and monitored them. DoLS largely control animal
health-related services at the federal level. Karnali Province level lacks the institutional arrangements and human resources to carry out regulatory functions, research and technology development and agricultural market-related.

The unbalanced agricultural and institutional set-up findings between three government tiers align with the observation of DRCN (2019, 2020). In a comprehensive report, DRCN (2020) highlighted that instead of restructuring the bureaucracy as envisioned under the federal system, it merely became an exercise in managing existing employees. Moreover, the Federal Parliament has not been able to endorse the Federal Civil Service Bill till now, indicating the complexity and resistance to adjusting the staff at three tiers of the government. It has resulted in challenges and issues in staff arrangement and recruitment at the province and local levels under the federal system (Subedi, 2020; Devkota, 2020; Paudyal, 2021).

Inconsistencies in the institutional arrangement and their overlapping roles have found negative consequences in the service delivery such as duplications, confusion, resource limitation and capacity development at three local governments investigated. The quantitative assessment in this study further revealed that the respondent farmers’ lower agreement on the appropriateness of the current institutional arrangement at Belaka, Simta and Musikot. These situations have indicated a clear divergence between the current functional assignment, roles and institutional setup in relation to the agriculture sector, i.e. functions and responsibility pushing towards the sub-national level while institutional setup pulling (tendency to retain most of the institutions) towards the centre (federal level). This situation has indicated a mismatch of functional roles, expenditure assignment and staffing, as explained by Subedi (2020) and Bishwakarma et al. (2020 & 2021).

3.1.4 Agricultural policies at three tiers of the government

Based on the findings from KII, FGDs and literature reviewed, the policy development status at the federal, Karnali Province, and three local governments investigated can be summarized as follows; i) federal level has mostly depended on existing policy provisions, ii) Karnali Province has focused on policy related to organic agriculture promotion, iii) policy development between three local governments were not uniform, and iv) policy formulation at these three local governments have been found influenced by both internal and external factors. The major agricultural policies formulated by the federal, Karnali Province and three local governments are summarized in Table 3.
Table 3. Summary of agricultural policies at three tiers of the government

<table>
<thead>
<tr>
<th>Tiers of government</th>
<th>Acts</th>
<th>Regulations</th>
<th>Policies/Strategies/ plans</th>
<th>Guidelines/ Directives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>Acts (both existing and new), e.g. Rights to Food and Food Sovereignty Act (2018)</td>
<td>Regulations (mostly existing), e.g. Insecticides-Pesticides Regulation, Animal Health and Livestock Service Regulation, Seed Regulation</td>
<td>e.g. National Animal Health Policy, 2021; National Livestock Breeding Policy, 2021; National Dairy Development Policy, 2021; 2013; Agriculture Mechanization Promotion Policy, 2018, Agriculture Development Strategy</td>
<td>22 Guidelines and 19 Directives (both existing and new) related to planning, implementation and monitoring agriculture development activities</td>
</tr>
<tr>
<td>Province (Karnali)</td>
<td>Cooperative Act, Organic Agriculture Act, (all new)</td>
<td>-</td>
<td>First Five-Year Periodic Plan</td>
<td>24 Guidelines (all new), e.g. guidelines related to organic agriculture promotions, agricultural extension through a voucher system</td>
</tr>
<tr>
<td>Local (Simta)</td>
<td>Agribusiness Promotion Act (2017), Cooperative Act (2018)</td>
<td>-</td>
<td>Agriculture sector strategy (2019-2024)</td>
<td>7 Guidelines (all new), e.g. mostly guidelines related to the subsidy provided to farmers</td>
</tr>
</tbody>
</table>
The federal level has primarily depended on existing policies formulated before 2015 and during the transition from the unitary to the federal system. For example, the GoN formulated Agriculture Development Strategy in 2015 (ADS, 2015) as a road map for the agriculture sector development of Nepal (2015-2035) just before the promulgation of the Constitution in 2015. Such timing of ADS formulation has missed the opportunity of constitutional provisions and spirit of agriculture sector power provisions at three tiers of the government and restructuring of the whole sector under the federal system. Food Rights and Food Sovereignty Act (GoN, 2018) is the only recent federal agricultural-related federal Act formulated under the federal system. This Act has outlined the role of three tires of the government for various policy provisioning related to food rights and food sovereignty. Besides this Act, the federal level has formulated several policies such as National Animal Health Policy, 2021; National Livestock Breeding Policy, 2021; National Dairy Development Policy, 2021; National Agroforestry Policy, 2019; and Agriculture Mechanization Promotion Policy, 2018.

Karnali Province formulated Karnali Province Organic Agriculture Act in 2019 (Karnali Province Government, 2019). Moreover, The MoLMAC, Karnali Province, has formulated more than thirty policy documents such as guidelines, directives and standards to implement the province-level agriculture development programme. Seven such guidelines are found solely related to organic agriculture (MoLMAC, 2019). Karnali Province government formulated its’ First Fifth Year Periodic Development Plan in 2019 for FY 2019/20 to FY 2025/26 (Karnali Province Planning Commission, 2019). In relation to agriculture, this plan has focused on a green economy-based production system through optimum use of local resources and product niches, promoting organic agriculture practices, and certifying, branding and...
marketing organic produce. Furthermore, the Karnali Province government has drafted the Karnali Province Agriculture Development Strategy for the overall development of the agriculture sector at the Karnali Province level.

3.1.3.1 Agricultural policies at Belaka, Simta and Musikot

Belaka, Simta and Musikot have formulated local agricultural policies, including acts, sectoral strategies, policies and guidelines. Moreover, these three local governments have observed diversity of policies. Table 4 (Adapted from Bishwakarma et al., 2020) provides a brief account of diverse policies formulated by three local governments.

**Table 4. A comparative chart of policies formulated by Belaka, Simta and Musikot for agricultural service delivery**

<table>
<thead>
<tr>
<th>Policies formulated by each municipality</th>
<th>Belaka</th>
<th>Simta</th>
<th>Musikot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local level Agriculture Act</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Local Agribusiness Promotion Act</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Local level Cooperative Act</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Five-Year Periodic Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Level Agriculture Programme Operation and Management Procedure</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Strategy/Periodic Plan related to Agriculture Sector</td>
<td>x</td>
<td>x*</td>
<td></td>
</tr>
<tr>
<td>Local Agriculture Resource Person Development and Mobilization Guideline</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Partnership Programme Operation and Management Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Mechanization Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Land Consolidation Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Pocket Area Development and Operation Guideline</td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Contract Farming Guideline</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Crop and Livestock Insurance Guideline</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Agriculture Learning Center Operation Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmer Categorization Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Private Partnership Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cold Storage Management Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved Breed Resource Center Management Guideline</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production Control System</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy for Milk Producing Farmers Guideline</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>
Belaka has formulated diverse policies (19), followed by Musikot (13). Simta has formulated the least number of agricultural-related policies (9) compared to Belaka and Musikot. The diverse and higher number of agricultural policies in Belaka is associated with a higher focus of political leadership on the agriculture sector, consistency in priority and focus (e.g. Periodic Plan, Strategy and annual policies and programme). Moreover, higher engagement of the private sector (e.g. contract farming), province and federal government and different development agencies and their focus on piloting new initiatives are reasons for formulating diverse policies in Belaka. On the other hand, limited focus and priority of political leadership, limited staff capacity, lack of pressure from farmers and farmer’s institutions, and limited engagement of private sector actors, federal, province institutions and development agencies were found to be some major reasons of a limited number of policies formulated in Simta. Analysis of the results from KIIIs, FGDs and field observations has revealed that, besides the autonomy in policy design, internal and external factors affected the policy formulation in these local governments. Internal factors included farming context, geographical context, resources, the existing capacity of local government, leadership priority and commitment of political leaders. External factors affecting policy formulation at these local governments include federal and provincial policies and programmes, the presence and influence of donor agencies, access to the market and engagement of market actors.

This consistent priority has been found influential in the prioritization and formulation of some particular policies, such as the Belaka Municipality Land Act, Land consolidation guideline and Agriculture mechanization guideline. The diverse policy documents in Belaka have been associated with higher priority in the agriculture sector at Belaka with diverse provisions of services compared to Simta and Musikot. Such priorities of Belaka have also been reflected in the annual programme and resource allocation in agricultural service delivery.
Furthermore, the formulation of many policies in these local governments has been influenced by external factors. For example, the FGD at Belaka expressed that the increasing presence of different actors (such as donor agencies, private sector actors, and NGOs) is one of the influencing factors for the formulation of the ‘Partnership Programme Operation and Management Guideline’ at Belaka. The major provisions of this guideline have included partnership, programme selection procedures, partnership programme operation and management facilitation committee for the effective implementation of the partnership programme. The guideline for ‘Community Agriculture Extension Service Center Establishment and Operation’ is another example of external influence in local policy design. It is observed that Musikot and Simta have formulated this guideline mostly from the influence of the federal-level agriculture sector development project implemented by MoALD.

Based on the observation of sectoral programmes and FGDs, Belaka is one of the higher focused local governments from federal and Province One governments and different donor agencies for piloting/demonstrating agricultural activities compared to Simta and Musikot. Such higher engagement of external actors in Belaka has been associated with diverse policy provisions, creating an enabling environment between local government and other actors for agricultural service provisions. Both internal (e.g. less priority, limited resource allocation) and external factors (lesser number of donor agencies and private sector engagement, limited support from federal and provincial government) have resulted in the least number of policies in Simta about agriculture during this period (2017-2021). Formulation of diverse policies in these local governments has been associated with resource allocation and utilization, service provisions, adoption of service delivery approaches and methods, partnership with other actors and implementation of agricultural services at the local level.

### 3.1.4.1 Major issues in policy formulation

Based on the analysis of KIIs, FGDs, observation and analysis of the relevant documents, the major issues and gaps in policy formulation were found; i) functional ambiguity and unclarity of roles, especially in federal and province, ii) lack of enough deliberation among policymakers and concerned stakeholders, iii) inconsistencies between the policies of three tiers of the government, iv) policy formulation as not a priority, and v) limited capacity of local governments in policy formulation.

The KIs expressed that the functional ambiguity has created confusion and delay in policy endorsement at federal, provincial and local levels. For example, the federal Agriculture Act has not yet been formulated; confusion has been found in formulating policies related to the agricultural market and regulations related to seed, fertilizers, and pesticides at the province level. Analysis of the KIIs indicated that the ownership
of ADS (2015-2035) has been diminishing. Moreover, provincial governments have formulated their province-level Agriculture Development Strategy. For example, Karnali Province Government has drafted Karnali Province Agriculture Development Strategy, which is in the endorsement process. In such cases, there is a crucial need to work at the federal and provincial levels together to integrate the national priority into province-level strategy and align national-level objectives and goals in relation to agriculture sector development.

One of the pertinent issues related to the policy formulation process in federal, Karnali Province and these three local governments was the lack of enough deliberation. The MoALD at the federal and the MoLMAC in the province, have been formulating guidelines and directives based on their respective annual policy and programme. Such guidelines were often passed by either the Secretary or Minister levels of the respective line ministry. The analysis of the KIIs and FGDs revealed that there are increasing concerns of participation of concerned stakeholders and discussion in such policy formulation process. Moreover, federal and Karnali Province level institutions depend mostly on certain staff (in many cases selected staff of particular sections) for developing such guidelines and standards. Such policy formulation practices often have distanced policy makers (elected representatives) from the policy formulation process and limited the ownership of such policies. Furthermore, policymakers (mostly elected representatives at the federal and province levels) have found limited engagement due to the least priority by the political leadership in policy making. Rijal & Uperti (2022) expressed that the main reason for the dominant engagement of bureaucracy in policy making is also said to be due to the lack of proactive and assertive engagement of elected representatives in public policy-making processes.

The KIs and FGDs expressed that the lack of harmonization or consistency of policy provisions and guidelines between federal, Karnali Province and these three local governments is another policy formulation issue. Such inconsistencies are observed in policy provisions such as per cent of subsidies, programme priorities, beneficiary selection criteria, co-investment percentages and programme implementation mechanisms and approaches. The federal and Karnali Province have formulated several guidelines that have provisioned different committees for programme implementation. These committees (there is a tendency to have separate coordination committees or implementation committees under each policy or guideline) have often contradicted, duplicate, and undermined the committees established in the local governments. For example, Belaka, Simta and Musikot have formulated ADC for the overall coordination of agriculture-related activities. But the provisions of separate committees in federal and Karnali Province level guidelines have often
duplicated the roles of such ADCs in these local governments. To avoid contradiction and duplication, federal and province-level institutions must recognize and strengthen the local government’s sectoral committee, such as ADC. Initiation of strengthening such ADCs in each local government by the Agriculture Sector Development Programme (ASDP)\(^2\) implemented by MoALD in Karnali Province can be a good example that needs to be integrated and upcaled by federal and provincial governments.

It is observed that policy-making related to agriculture is not a priority in many cases. For example, delay in the revisit of ADS, delay in formulation of the federal Agriculture Act, and delay and unwillingness to revisit several federal policies (e.g. National Agriculture Policy, 2004) and regulations have indicated this situation. At the three local governments investigated, Simta drafted the Five Year Agriculture and Livestock Development Strategy in 2019 but it has not yet been endorsed. Such less priority in policymaking in three tiers of the government has also been reported by DRCN (2020), International Alert & Saferworld (2020), Paudyal (2021) and Rijal & Upreti (2022).

Another pertinent issue in policy formulation is related to the limited capacity of elected representatives and officials in these three local governments in local policy formulation. The FGDs revealed that none of these local government officials and elected representatives had received training, orientation or coaching on the sectoral policy formulation from the federal and province levels. Due to the limited capacities of these local governments, the policy formulation process has been slow (e.g. Simta). Due to the capacity gap, the increasing influence of external agencies (public, private, donors, and different interest groups) has been found in policy formulation especially in local governments (Belaka, Simta and Musikot). It can create issues such as limited participation of citizen and concerned stakeholders in policy-making process, conflict of interest, focus on short term policies rather than long term and lack of ownership by a citizen.

3.2 Performance of three local governments in agricultural service provisions

The Constitution of Nepal has provisioned two exclusive functions related to agriculture (Schedule 8) under the local government's jurisdiction. These include; i) agriculture and animal husbandry, agro-products management, animal health, cooperatives and ii) management, operation and control of agricultural extension in

\(^2\) MoALD has been implementing ASDP in Karnali Province with financial support from IFAD since 2018 (2018-2023). Under the component strengthening of agricultural service system at local level ASDP has been supporting local governments of Karnali Province in establishing and strengthening Agriculture Development Committee.
relation to the agriculture sector. The LGOA, 2017 further elaborated on these functions under the local government's major roles and responsibilities (LGOA, 2017, p.20-22). Varied performance has been found between Belaka, Simta and Musikot regarding focus areas, priorities and activities within their respective constituencies. Thus, the study divided agriculture and animal husbandry, agro-products management, animal health, and cooperatives into two categories. The first category is agriculture production, animal husbandry and health. The focus activities of the first category of activities by Belaka, Simta and Musikot are summarized in Table 5, and each local government's focused activities in the second category are summarized in Table 6.

Table 5. Agriculture production, animal husbandry and animal health-related major activities performed by three local governments

<table>
<thead>
<tr>
<th>Major functions as per LGOA, 2017</th>
<th>Belaka</th>
<th>Simta</th>
<th>Musikot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture production</td>
<td>Production pocket, blocks (cereals, vegetables, fruits), agri-business, contract farming, cooperative farming, mechanization</td>
<td>Agro-input subsidy (seeds, saplings, farm equipment), pocket areas development (e.g. potato, wheat)</td>
<td>Pocket areas development, agro-business, input subsidy (seeds, sapling, equipment)</td>
</tr>
<tr>
<td>Animal husbandry</td>
<td>Livestock farm/resource centre (goat, poultry, fisheries), fodder/forage promotion in barren, public land, cattle shed improvement</td>
<td>Fodder/forage promotion, subsidy for livestock farm (e.g. goat, cow), cattle shed improvement</td>
<td>Fodder/forage promotion, grant support for goat, poultry, milk production, cattle shed improvement</td>
</tr>
<tr>
<td>Management of local pasture and barren land</td>
<td>Land consolidation, land bank, leasing, contract farming</td>
<td>Expansion of Fruit tree plantation in the barren land</td>
<td>Promote collective farming to utilize barren land, land bank</td>
</tr>
<tr>
<td>Animal health, animal breed improvement</td>
<td>Animal health camp, vaccination, supply of medicines, grant for the improved breed (boar goat, pig), artificial insemination</td>
<td>Vaccination, supply and management of medicines, artificial insemination, resource centre (e.g. goat)</td>
<td>Vaccination, supply and management of medicines, artificial insemination, resource centre (e.g. goat)</td>
</tr>
</tbody>
</table>
Major functions as per LGOA, 2017

<table>
<thead>
<tr>
<th>Belaka</th>
<th>Simta</th>
<th>Musikot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop and livestock insurance, credit facilitation</td>
<td>Awareness, farmer group mobilization, youth-targeted business plan facilitation, linkage with Bank and financial institutions</td>
<td>Farmer group mobilization, recommendation</td>
</tr>
</tbody>
</table>

(Source: Author’s compilation based on KIIs, FGDs, observation and literature reviewed, 2021)

Though Belaka, Simta and Musikot have been implementing activities under this category, the type of activities, focus and scale of activities were found to vary between these local governments. The FGD and the analysis of the annual programme and budget have indicated that Belaka has focused on commercialization, mechanization and specialization (e.g. agriculture production blocks, crop pulling, custom hiring). Simta and Musikot have been found mostly focused on subsidies for the agro-inputs for market-oriented production. Similar cases of different focus have been observed in animal husbandry. However, activities such as pocket area development for agricultural production, animal health and animal breed-related activities have been similar in Belaka, Simta and Musikot (Table 5). The KIIs, FGDs and field observations revealed that factors such as farming context, local policies, access to market, engagement of private sector actors and programmes and support from federal and province have been affecting the type and scale (number and area) of the activities in each local government.

Moreover, the functions related to agro-product management, market and market-related infrastructures, and the activities performed by these local governments were different (Table 6). Market-related activities were found limited in Simta compared to Belaka and Musikot. Belaka has been found focused on agribusiness and market-related infrastructures. Similarly, Musikot has also focused on agribusiness and processing. Based on the observation and FGDs, the scale of market-related activities at Belaka has been found more (in terms of number, scale and involvement of market actors) than in Simta and Musikot. Activities related to quality regulation, livestock feed and foodstuff, slaughterhouse, and cold store and their regulation were found lacking in Simta and Musikot.
Table 6. Agro product management, biodiversity conservation and data management-related activities performed by three local governments

<table>
<thead>
<tr>
<th>Major functions as per LGOA, 2017</th>
<th>Belaka</th>
<th>Simta</th>
<th>Musikot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro-product management</td>
<td>Agribusiness, e.g. processing, storage, seed bank, food bank</td>
<td>Subsidy for transporting agro-inputs</td>
<td>Promotion of processing (e.g. dairy business, seeds)</td>
</tr>
<tr>
<td>Market infrastructures and management</td>
<td>Haatbazzar, collection centre, cold storage, agro-fair, agro-market establishment</td>
<td>Collective farming</td>
<td>Co-investment with coop for agribusiness, haat bazaar operation</td>
</tr>
<tr>
<td>Quality regulation and animal food/stuff</td>
<td>Support to the private sector to establish feed production/</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Animal slaughterhouse, cold store and regulation</td>
<td>Support to establish slaughterhouse, chilling centre</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Biodiversity, environment protection</td>
<td>Production and promotion of organic fertilizer, promotion of local varieties, biopesticides</td>
<td>Home garden</td>
<td>Organic agriculture practices, promotion of biopesticides, organic manure, kitchen gardening</td>
</tr>
<tr>
<td>Data management</td>
<td>The production control system, farmer identity card, group records, crop cut surveys</td>
<td>Group records, production records</td>
<td>Group records, production records</td>
</tr>
</tbody>
</table>

(Source: Author’s compilation based on KIs, FGDs and literature reviewed, 2021)

These three local governments have focused on the rehabilitation and construction of small irrigation schemes related to small irrigation. Though small irrigation construction and maintenance is under the local government, the provincial government has been heavily engaged in small irrigation rehabilitation and construction activities through AKCs (MoEAP, 2019-2021) at the local level.

Concerning the operation, management and control of agricultural extension, each of these three local governments have performed most of the functions though the activities were different (Table 7).
Table 7. Major activities performed by three local governments related to agriculture extension

<table>
<thead>
<tr>
<th>Major functions as per LGOA, 2017</th>
<th>Belaka</th>
<th>Simta</th>
<th>Musikot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management/mobilization of human resource</td>
<td>Contract officer level staff, JT/JTAs, LARPs</td>
<td>JT/JTA, Leader Farmers</td>
<td>Officer level staff, JT/JTAs, LARPs</td>
</tr>
<tr>
<td>Capacity building, empowerment of farmers</td>
<td>Farmer identity card, promote coop to transfer public limited company, farmer training</td>
<td>Training to farmers, mobilization of the coop</td>
<td>Training to farmers, farmer pension fund, Coop mobilization</td>
</tr>
<tr>
<td>Supply, use and regulation of agro-inputs</td>
<td>Contract/lease farming, establish agro-business (organic fertilizer, feed, custom hiring)</td>
<td>Subsidies for transportation, use, and mobilization of the coop</td>
<td>Subsidies for transportation, use, and mobilization of the coop</td>
</tr>
<tr>
<td>Coordination/management/ and regulation of farmer groups/ cooperatives</td>
<td>Partnership with coops, farmer group registration</td>
<td>Partnership with coops, farmer group registration</td>
<td>Partnership with coops, farmer group registration</td>
</tr>
<tr>
<td>Technology transfer</td>
<td>Pocket area/agribusiness, farms, custom hiring</td>
<td>Resource Center, pocket area, leader farmer</td>
<td>Pocket area/agribusiness, coop leader farmer</td>
</tr>
<tr>
<td>Information flow</td>
<td>Local radio, production control system-mobile app, website</td>
<td>Leader farmers, coops, website</td>
<td>Local radio, digital board, website</td>
</tr>
<tr>
<td>Development/management of Resource Centers</td>
<td>Nurseries, fishpond, goat, poultry</td>
<td>Coop-led goat, cereal seed</td>
<td>Dairy, vegetables, goat</td>
</tr>
<tr>
<td>Promotion of organic farming and organic fertilizer</td>
<td>Vermicompost, biopesticides, organic fertilizer production</td>
<td>Botanical pesticides, cattle shed improvement</td>
<td>Botanical pesticides, cattle shed improvement</td>
</tr>
</tbody>
</table>

(Source: Author’s compilation based on FGDs, KIIIs and literature reviewed, 2021)
Belaka has adapted diverse activities and a diversity of approaches/methods/tools (e.g. cooperatives, private sector, agribusiness promotion) for agricultural extension. At the same time, Simta and Musikot have mostly focused on training and subsidies and agriculture extension led mainly by local government staff. Most of the activities related to animal husbandry and animal health are similar among these local governments, which were mainly due to a higher portion of conditional grants from the federal level under these activities (Belaka Municipality, 2018-2021; Musikot Municipality, 2018-2021; Simta Rural Municipality, 2018-2021).

The analysis revealed that activities and initiatives at these local governments had been affected by factors such as local priorities and focus, local capacities, support from the province and federal level and their respective conditional programme to each local government, private sector and donor agencies’ involvement. Comparatively, Simta has performed fewer activities than Belaka and Musikot. Simta has formulated fewer policies (9), deputed only JT/JTA level staff and allocated fewer financial resources for the agriculture sector than Belaka and Musikot. Furthermore, analysis of the annual programme and budget of these three local governments indicated that Simta had received fewer conditional and specific sectoral grants from federal and province-level institutions in agriculture. Moreover, limited engagement of other actors (e.g. private sector, donor agencies) in the agriculture sector was found in Simta compared to Belaka and Musikot.

3.3 Farmers’ response to local government’s performance in agricultural service provisions

Analysis of the respondents revealed that a higher % of respondent farmers had indicated their moderate level of agreement with parameters related to agricultural service provisions, such as easy availability of contextual and timely services. Moreover, respondent farmers positively responded that local governments are accountable, local staff are responsive to agricultural service, and service provisions are inclusive. Furthermore, farmers positively respond to agricultural development activities performed by these three local governments (Figure 3). Whilst respondent farmers’ lower % level of agreement was found in parameters such as participatory process, staff capacity, policies, institutional mechanisms, financial resource allocation, partnership, market-orientated services and public hearing (Figure 3).
The positive responses on service availability in time, context-specific services, and responsive and accountable service provisions by local governments correspond to the positive aspect of constitutionally devolved agricultural services under the federal system. Literature has frequently advocated decentralization to improve public service delivery based on the assumption that services are more responsive to local needs and demands since citizens can directly or indirectly influence resource allocation and service delivery (Rakodi, 2002; Conyers, 2007). Decentralized institutions are viewed to improve the matching of public services to local needs and preferences and increase the accountability of local governments to their constituencies (World Bank, 2001). Decentralization allows the government to tailor decisions to the specific demands and needs of the local population (Faguet, 2014). Broadway (2006) claims decentralization of the provision of local public goods, public services and targeted transfers is mainly based on the fact that efficiency is enhanced, a form of subsidiarity. The respondent farmers’ higher neutral response to policies related to agricultural services indicated three distinct situations: absence of appropriate policies (e.g. Simta), lack of enough deliberation during policy formulation and the gap in

![Figure 3. Farmer's response to agricultural service provisions at Belaka, Simta and Musikot](Source: Author's illustration based on farmers' response)
informing the farmers that such policies exist and the implementation of such policy provisions. It was found that policies, especially the guidelines, were formulated on an ad hoc basis with no proper deliberation (Simta, Musikot and Belaka). Due to inconsistencies in policies, programmes and resources, implementation of such policies was found lacking (e.g. establishment of the Community Agriculture Extension Service Center in Simta and Musikot). Moreover, the implementation of policies was not found to be uniform. Many policies have been formulated, and the policy provisions have been found in the initial implementation stage (e.g., the Local Agriculture Act in Belaka and Musikot).

These local governments have practised local government’s website as one of the important media for information dissemination. But FGD expressed that farmers' access to such websites and information analysis is limited due to limited internet access and the farmers' literacy condition, especially in Simta and Musikot. Belaka has found periodic (trimester) progress reviews, monthly ADC meetings, and coordination meetings with development partners (Civil Society Organization, projects). Such practices were found helpful in disseminating policy provisions among concerned stakeholders and farmers. But such practices were found limited in Simta and Musikot.

Respondent farmers have indicated their lower level of agreement on the institutional mechanism and staff capacity, which were closely associated with each other. The staff in these three local governments could be one of the major issues in agricultural service delivery. However, qualitative assessment and farmers’ responses indicated that the specific issues between the three local governments differed. For example, Simta has only JT/JTA level staff with the least physical facilities. In Musikot, the issues were related to the scarce staff and the existing staff’s technical capacity. While in Belaka, the issues were insufficient staff and the capacity of staff to provide specialized services per the local government’s priority and focus. The major reasons for such poor staff capacity at these local governments were mostly related to staff adjustment policies (specifically in Simta).

For example, the High-Level Administrative Restructuring Committee (2017) has provisioned only JT/JTA level staff in Rural Municipalities. Such provision was one of the staff capacity issues in Simta, though it has deputed more JTA level staff (under the provision if One Village One Technician) than Belaka and Musikot.

Furthermore, local priorities, the political interest of the elected representatives, leadership commitment and collaboration, and farmers’ pressure have been observed to affect staff deputation in these local governments. For example, Belaka has locally hired officer-level staff in Agriculture Development Section and Livestock
Development Section with higher priority and focus. But, such practice was not found in Simta and Musikot.

Farmers have indicated a lower level of agreement to participatory processes in these local governments. Whilst this response contradicts a response on parameters like local governments' agricultural activities and inclusiveness in service provisions (which have a higher level of agreement). However, qualitative findings indicated that limited financial resource allocation by local governments, higher conditionality of the sectoral grants received from federal and provinces and limited capacity of the local staff were major factors for the inclusion of a larger section of farmers during the planning of agricultural activity in these local governments.

Respondent farmers indicated their lower level of agreement with financial resource allocation by local governments compared to other parameters. Moreover, an analysis of the annual budget allocation for the agriculture sector by three local governments from FY 2017/018 to 2021/022 indicated a declining trend in % of these local governments' total budget allocation in the sector (Figure 4).

![Figure 4. Per cent of the total annual budget allocated to agriculture sector development at Belaka, Simta and Musikot (Source: Author’s compilation based on observation and literature reviewed)](image)

Analysis of these three local governments' annual budget allocations (FY 2017/18-2021/22) revealed that sectoral budget allocations are highly fluctuating and unpredictable. Year-wise changes in priority and higher external dependency on annual budget and programme were major reasons for these three local governments' fluctuations in sectoral budget allocation. For example, Belaka received more
programmes and support from the federal, provincial and other donor agencies in FY 2018/19, with its own higher focus than in subsequent fiscal years. A similar case was found in Musikot during FY 2017/18 and FY 2020/21. The focus and annual budget allocation were also largely affected by Covid-19 during FY 2020/21 and FY 2021/22 in Belaka. However, Musikot has a higher allocation in FY 2020/21, which was associated with the higher conditional programmes in this municipality from the federal and province levels. From FY 2019/20 onwards, the budget allocation trend of Simta indicated that it has almost continuously depended on the federal conditional grant, which is almost similar in FY 2019/20 to FY 2021/22. Analysis revealed that these three local governments are highly dependent on the federal and provincial government and development agencies for annual budgets and programmes in the agriculture sector. Furthermore, the focused group expressed that limited internal revenue generation, a higher proportion of conditional grants from the federal and provincial government and increasing pressure from the infrastructure sector (e.g. roads, electricity) are major reasons for such fluctuation in the agriculture sector budget allocation.

3.4 Current issues and gaps in agricultural service delivery under a federal system

Based on the analysis of the KIIs, FGDs and observations, current issues and gaps in agricultural service delivery can be listed as; i) issues of sectoral intergovernmental relation, ii) overlapping and duplication in service delivery, iii) service delivery capacity of the local level and iv) intergovernmental fiscal transfer and financial resource prioritization. These issues and gaps are described briefly in the following section.

3.4.1 Issue of sectoral intergovernmental relations (IGR)

The Constitution of Nepal has provisioned ‘agriculture' as both exclusive and concurrent power between the three tiers of the government. The agriculture sector depicts the overlapping authority model, as Wright (1988) described related to intergovernmental relations. In this model, IGR is essentially a set of overlaps among national, state and local units simultaneously. In such a model, Bureke (2014) highlighted that negotiation and bargaining between actors are important. More interaction, negotiation and dialogue are required to understand the areas of interdependence and the role and jurisdiction of each other. Therefore, formal and informal coordination mechanism is necessary to exercise such negotiation and bargaining between the three tiers of the government.

The principle of cooperation, coordination and coexistence in the Constitution provides the template for IGR between three tiers of the government (Constitution
of Nepal, 2015, Article 232, p.119). There are some legal provisions for intergovernmental mechanisms. The Constitution includes a provision for an Inter-Provincial Council, a dispute resolution body between the federal and provincial government or between different provinces (Article 234, p.120). Federal Province and Local level (Cooperation and Interrelation) Act have provisioned Provincial Coordination Council as an important forum for intergovernmental relations to facilitate planning and budgeting issues between provincial and local governments. Moreover, Article 220 (p.112) of the Constitution includes the provision for District Coordination Committee (DCC) to coordinate between municipalities within a district. Federal Province and Local level (Cooperation and Interrelation) Act also include a provision for sectoral committees. The committee's main purpose is to work jointly and coordinate in different thematic areas between the three tiers of government. It is also called a ministerial-level council (Devkota, 2020).

The KIs and FGDs expressed that these intergovernmental mechanisms are much broader, and the agriculture sector has seldom received priority, including other local issues in these local governments. The KIs elucidated that sectoral communication through such a broader mechanism is time taking, and formal communication is often not possible for urgent matters. The lengthy process and less sectoral priority by such a broader mechanism often found demotivated sectoral officials to communicate regularly between three tiers of the government institutions. DRCN (2020) reported that broader mechanisms such as Provincial Coordination Council could not make concrete and implement decisions due to irregularities and meetings like a crowded fair. Moreover, public officials have found more accustomed to formal institutional mechanisms. But such formalized sectoral coordination mechanism is lacking in the agriculture sector. The lack of a formal mechanism for coordination has often resulted in reluctance among the bureaucrats to coordinate. However, some good practices of informal coordination in the agriculture sector, such as ministerial and secretary-level coordination meetings between the federal and provincial levels, have been found. Such coordination meetings and interactions need to expand between federal Departments, provincial Directorates and Agriculture Development Section and Livestock Development Sections of local governments. Furthermore, the coordination and technical linkages between province-level institutions such as AKCs and VHLSECs with the Agriculture Development Section and Livestock Development Section of local governments need to institutionalize and strengthened to avoid

3 The Chief Minister chairs the Council, and all provincial ministers, secretaries, and mayors and deputy mayors of local governments are members of the Council.

4 Although the Constitution has assigned the role of coordination to the (DCC), this institution has not been able to function properly due to the lack of financial and political power
duplication and enhance the technical capacity of the local staff.

Analysis of the KIIs and FGDs indicated that centralized attitude, particularly among the federal-level political leaders and bureaucrats, is one of the major issues of IGR. The KIs and FGDs expressed that federal political leaders and bureaucrats often have conceived of provincial and local level institutions as subordinates or implementation units at the federal level. Such a centralized attitude has been a limiting factor in initiating the dialogue and negotiation between the federal, provincial and local governments investigated in this study. The KIs expressed the lack of negotiations and coordination in institutional transfer, defining roles and organogram of sectoral institutions, fiscal transfer (agriculture sector conditional programme), staff transfer from federal to province (and vice versa) and local level. These cases indicate the lack of federal experience and practices along with understanding and respecting the role of each tier of the government.

Moreover, the limited capacity of local officials about IGR practice (e.g. weak bargaining capacity) was one of the challenges for negotiation and communication. For example, these three governments' local staff and elected officials have not received training, coaching or orientation about negotiation and dialogue about IGR. The current local staff capacity has been found lacking in initiating communication, information exchange and negotiation with province and federal level institutions. Such a situation has created an increasing gap between the institutions at the three tiers of the government.

3.4.2 Overlapping and duplicating functions

Analysis of the results of KIIs, FGDs and observations revealed that overlap and duplication of function as an increasing issue in agricultural service delivery under the federal system. The federal level has continuing subsidies, seed, sapling, fodder/forage promotion, and promotion of local varieties through the conditional programmes in Belaka, Simta and Musikot. The province has also supported similar activities as a conditional grant. For example, Musikot has received a conditional grant from the federal and province level for similar activities in the same fiscal year (Musikot Municipality, 2021). The AKCs and VHLSEC have also been found performing similar activities, e.g. promotion of improved crop varieties, providing subsidies for seeds, sapling, breeds, organic farming practices, livestock (goat, cow, buffalo) purchase, nurseries, small irrigation schemes (MoEAP, 2019-2021), which are the major roles of local governments. Annual policies and programme of the Karnali Province Government and guidelines of the Karnali MoLMAC has increasingly provisioned service delivery roles of AKCs and VHLSECs (Karnali Province Government, 2019-2021). The overlapping and duplication in agricultural service
delivery are largely due to unclear roles and responsibilities at province-level institutions (e.g. AKCs), resistance and reluctance to transfer roles, programmes and financial resources from federal to province and local governments.

Moreover, the current trend of engagement of federal and province-level institutions in agricultural service delivery functions at the local level has indicated that each tier of the government tends to act directly on the citizens. According to Obi (2019), Agranoff & Radin (2014) and Benjamin (2004), such a tendency is common in overlapping authority models of power sharing. They further emphasized that negotiation between each tier of the government is important to exercise their respective power. Scholars (Upreti, 2016; Devkota, 2020, Adhikari, 2020; Subedi, 2020; Philimore, 2013; Ikeanyibe et al., 2019) have emphasized that the central government needs to remember and respect the jurisdiction of all sub-national governments.

3.4.3 Service delivery capacity at the local level

Service delivery capacities, including physical facilities, staff, financial resources and institutional capacities (including policies and institutional mechanisms), have been limited at Belaka, Simta and Musikot. Moreover, these three local governments were found to differ from each other in agricultural service delivery capacity. FGDs and observation revealed that, in general, the Agriculture Development Section and the Livestock Development Section of the three governments investigated have limited physical facilities - such as lack of equipment (e.g. lab equipment), less office space, lack of laboratory room, lack of training hall, lack of means of transportation and ICT equipment. Albeit, relatively better capacity (such as institutional, staff, equipment, transportation and communication facilities) has been found in Belaka. Even minimum facilities related to lab equipment, equipment for clinical livestock services, communication and transportation, and training hall were found lacking in Simta. Musikot has limited facilities such as transportation and lab equipment, equipment for clinical services and ICT. DRCN (2018) has also reported such a capacity gap in other local governments.

Local staff capacity was one of the major issues investigated by all three local governments. The major reasons for such poor staff capacity at these local governments were related to the staff adjustment policies, limited staff and uncertain career development opportunities of the local level staff. Furthermore, capacity-building programmes for local level staff in these local governments were lacking. Due to such a situation staff retention at these local governments was found challenging due to such a situation. Devkota (2020) explained that the lack of adequate and capable staff is one of the major grievances of the province and local governments. Paudyal (2021)
also argued that the lack of capable human resources is one of the major governance issues at the local level under the federal system. Subedi (2020) argued that staff allocation at the local level is unbalanced compared to their functional assignment and roles under the federal system. The household survey further found that farmers’ lower level of agreement on the statement that local governments have capable staff for agricultural service delivery. Moreover, Paudyal (2021) has recommended a reassessment of the previously carried out Organization and Management (O&M) Survey to establish the local staff capacity need. It is specifically true in the local agriculture sector, where provisioning only JT/JTA level staff at Rural Municipality (Simta) to undertake functions related to agricultural service delivery is unscientific and contradicts the spirit of devolved service delivery under the federal system.

3.4.4 Intergovernmental fiscal transfer and financial resource prioritization

As per the Inter-Governmental Fiscal Management Act (GoN, 2017), the federal government has provided equalization, conditional, complimentary, and special grants to local governments. However, the proportion of such grants to local governments varied. The proportion of conditional grants from the federal government to these local governments is much higher than the equalization grants (Figure 5).

Figure 5. The proportion of conditional grants in three local governments in FY 2020/21
(Source: Author’s compilation based on the literature reviewed, 2021)

An analysis of intergovernmental fiscal transfer in these three local governments indicated that anchoring national-level policies and programmes through conditional programmes and cost support to staff and administration are major reasons for a higher conditional grant to these three local governments. However, the higher conditionality in the intergovernmental fiscal transfer has limited the flexibility of
these local governments in their context-specific planning and resource allocation. Furthermore, the great majority of the equalization grants were used by local governments for physical infrastructure (such as roads and electricity). These observations align with the findings of a similar analysis (Shrestha, 2019; World Bank Group & UNDP, 2019). This situation has created challenges to resource prioritization in the agriculture sector in these three local governments.

Since the assumption of local governments soon after the local election in 2017, the federal government formulated five annual policies and programmes through the National Planning Commission (NPC, 2017-2021; MoF, 2017-2021). However, all these federal policies and programmes were found heavily centralized regarding financial resource allocation and programme activities in the agriculture sector. For example, in FY 2019/20, out of the federal allocations (34.8 billion NPR) of the agriculture sector, only 6% allocation was found for 753 local governments and 14% was found allocated to seven provinces, whereas the federal level solely held 80% of the allocation. In FY 2020/21, out of a total of 37.4 billion NPR, 15% was allocated to 753 local governments, 7% to provinces, and 78% to the federal level (MoF, 2019, 2020). Though there is an increasing trend in the sectoral allocations from the federal to the local level, the federal government held a higher percentage of the sectoral budget, as indicated in Figure 6.

![Figure 6. Annual federal agricultural budget allocation at three tiers of the government](Source: MoF, 2018-2021)

Analysis of the federal agricultural allocation indicated that in FY 2018/19, seven provinces had higher allocation than 753 local governments. KIs expressed that the lower allocation at local governments was due to the initial transition stage from
unitary to the federal system (e.g. staff adjustment, physical facilities), confusion, capacity concerns and lack of local government policies and procedures. Moreover, in FY 2019/20, the federal allocation to local governments was less than in FY 2018/19. During this FY, the allocation for the PMAMP was almost double (8.10 Billion NPR) as compared to FY 018/19 (4.77 Billion NPR) (MoF, 2018, 2019). The higher allocation for PMAMP compared to the total increment in the budget was also found to be one of the reasons for less allocation to the local level. In FY 2020/21, the allocation for PMAMP was again significantly reduced (3.22 Billion NPR) (MoF, 2020), and allocation to the province level was also reduced significantly. Moreover, in FY 2021/22, PMAMP again received a higher allocation (7.98 Billion NPR), but the total federal allocation to the agriculture sector also increased significantly (MoF, 2021). Analysis of the budget allocation trend of PMAMP revealed that sectoral annual budget allocation (in total) and sectoral annual conditional grants to the local level had been affected by annual budget allocation to PMAMP.

Centralized institutional arrangement and staffing, functional overlapping, reluctance to transfer of programme, and unclear roles are some of the major reasons the federal level has more financial resources. Furthermore, low budget absorption capacity (utilization of budget) of local governments due to thin institutional arrangement; limited capacity (planning, implementation and monitoring); lack of policies and procedures (e.g. Simta); and less priority for the agriculture sector and weak bargaining capacity of these local governments were found some important reasons for the current trend of sectoral fiscal transfer from federal to these three local governments investigated. However, with the progress in establishing policies, and procedures, local government's performance and increasing pressures on fiscal devolution, sectoral budget transfer from federal to these local governments from FY 2020/21 and FY 2021/22 indicated an increasing trend (Figure 6).

4. Conclusion

The Constitution has highly decentralized agricultural development and service delivery functions at the province and local levels. However, inconsistencies exist, such as overlap, duplication, ambiguity and deficit in some functions like sectoral coordination in relation to sectoral function and responsibility assignment. Such inconsistencies are often due to the mixing of exclusive and shared functions between three tiers of the government. Federal, Karnali Province and three local governments have made institutional arrangements to operationalize the agricultural functions. However, the current institutional arrangement at local government has been a contested issue of agriculture sector restructuring, especially in terms of staffing and capacity. This centralized and unbalanced institutional set-up (i.e. top heavy, bottom
thin) has created a big gap between functional responsibility and institutional arrangement, particularly in local governments. Low priority, lack of enough deliberation, policy coherence and policy diffusion are major issues related to agriculture sector policy formulation. The local governments have formulated Local Agriculture Acts, which have facilitated the delegation of local legislative authority to local executives, especially in formulating guidelines, norms and standards for agricultural service delivery. Policy provisions are necessary for resource prioritization, accountability in service delivery, avoiding conflicts between staff, elected representatives and beneficiaries (e.g. farmers, entrepreneurs), to get external support and timely delivery of services.

Internal (such as leadership priority, farming context, resources, and staff capacity) and external (such as market, support from federal and province level, and private sector engagement) factors affect local governments' performance in agriculture service delivery. Depending on these factors, the local government's performance in agricultural service delivery varied on local priorities, service provisions, delivery approaches, and financial allocations. Local governments effectively make agricultural services available to the farmers, which are contextual and delivered timely. Developing local government capacities for both human and physical facilities, establishing appropriate institutional mechanisms to facilitate participatory planning and decision-making processes, and allotment of sufficient financial resources for agricultural services are crucial to improve the performance of local government in agricultural service delivery.

Moreover, the current intergovernmental relationship between the three tiers of the government has some pertinent issues, such as limited exchange of information, and lack of dialogue and negotiation, resulting in poor coordination and cooperation in agricultural service delivery. Institutional plurality, duplication and unclarity of roles need to be discussed between the three government tiers. Instead of competing and duplicating, the federal and province level need to support the local level to strengthen capacities (e.g. physical, staff, financial). In addition, there must be support in establishing sectoral coordination mechanisms, revisiting current institutional mechanisms at the local level and revisiting sectoral intergovernmental fiscal transfer as per the priority of local government are necessary for effective agricultural service delivery at the local level.

5. Recommendation

Based on the findings and conclusion of this study, the following recommendations
are made. These recommendations are aligned with the provisions of the constitution, subsequent federal laws such as the Local Government Operation Act, 2017; Federal Province and Local level (Cooperation and Interrelation) Act, 2020; and local level laws such as the Local Agriculture Act (Belaka and Musikot).

- Clarity on sectoral jurisdiction (especially the concurrent function) between three tiers of the government is urgently needed. Moreover, the missing functions, such as coordination, need to incorporate into the functional analysis and responsibility assignment of the agriculture sector between the three tiers of the government.

- Establishing the sectoral Coordination Section in MoALD at the federal level, the Cooperation Division in MoLMAC at the province level and sectoral committees such as ADC at the local level can facilitate sectoral intergovernmental relations between three tiers of the government.

- For efficient and effective human/financial resource management and to align the functional responsibility, the current Zone level activities (under PMAMP) need to be transferred to AKCs or provinces with increased capacities of province-level institutions.

- The very thin institutional arrangement of local governments is much concerning. Therefore, the current Agriculture and Livestock Development Sections at local governments need to be upgraded to Agriculture/Livestock Development Division with sufficient staff capacity.

- Policy making at three tiers of the government lack enough deliberation and limited engagement of political leadership (elected representatives). It has resulted in low priority in required policy formulation and a lack of political commitment to policy implementation. To improve such a situation, systematic policy dialogue at three tiers of the government is necessary.

- The current strategy of diffusing national sectoral priorities through the conditional programme is less effective (issues of ownership, continuation and prioritization by province and local governments). Instead, integration of such priorities into the province and local policies and programmes is necessary. For this effective coordination, clarity on roles and policy dialogue between three tiers of the government is necessary.

- The higher conditionality of sectoral grants from federal and province to local governments has been limiting the flexibility of local governments in designing and implementing agricultural services locally. Therefore, the current mode of
intergovernmental sectoral fiscal transfers needs to revisit.

- The federal and province level shall conduct capacity-building training for local staff, design incentive packages to motivate local level staff and provide technical support to local governments to strengthen their capacity. Moreover, the local governments need to invest capacity development of local staff to enhance their capacity for effective service delivery.

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