

## Debates, Challenges and Future Prospects of Federalism in Nepal: Contextual Implications of Provincial Governance

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### Abstract

This paper analyses the implications and challenges of provincial governments in the context of Nepalese federalism. The study administered 420 questionnaires from all seven provinces of the country, with sixty each for primary data collection. The paper highlights the perception of the citizens of the provincial governments and some of the issues many provinces face. The research also shows that many people avoid dealing with the provincial levels and turn to the local ones, where it is possible or appeal to the federal capital for necessary services, which raises questions about the relevance of the provincial level. Despite limited opportunities in terms of proximity, service delivery, and leadership development, there is the belief that provincial governments are less accommodating of regional necessities and are perceived to run ineffective services in most cases. In addition, the involvement of the central government and the political instability that prevails at the provincial level obstruct good governance. The paper concludes that the effectiveness of federalism in Nepal depends upon the performance of provincial governments, which needs a severe revision, particularly in three areas, including strengthening the administrative capacities of provincial governments, improving the principles of governance and practices, and increasing the participation of the people. This underscores the urgent need for administrative reform, policy departure, party reformation, and leadership development to ensure the efficiency and effectiveness of provincial governments.

**Keywords:** Provincial governance, federalism, people's perceptions, service delivery, Nepal

### Introduction

Federalism is a widely discussed concept in comparative politics and governance. Federalism is a system of government in which power is constitutionally distributed across multiple levels to balance shared and self-rule (Fenna & Schnabel, 2024). It promotes autonomy and public participation while managing the tensions between centralization and decentralization, and between homogeneity and heterogeneity. Additionally, federalism allows for both symmetric and asymmetric arrangements of authority among different levels of government. Despite its wider popularity, the federal system opens up some critical gaps and contestations regarding its theory, practice and outcomes in the given political and economic contexts (Mueller, 2024; Tierney, 2022). In a way, federalism is a subject within a broader paradigm of governance, which aligns with the political theory, state mechanics and economic development of a country (Sapkota, 2023). In this context, the paper examines the topic of federalism as an innovative model of governance adopted in 2015 as a federal system of government in Nepal as a mechanism to decentralize powers to enhance the level of democracy, development and fair distribution of resources.

The federal system introduced three tiers of government: federal, provincial and local, as per the Constitution of Nepal (2015). Although federalism has succeeded in decentralizing the provision of governance nearer to the public, the role of the provincial has become an essential area of research focus. Initially, provinces were perceived as a link in the intermediate chain between federal and local administrations, overseeing regional and balanced development and

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representing their distinct socioeconomic and political identity. However, their necessity is questioned due to inefficiencies and duplications of tasks mentioned more often in recent years (Acharya & Zafarullah, 2020; Bhul, 2024).

Even with considerable efforts in establishing the provincial system for institutionalization, it is evident that provincial governments still need to effectively work towards carving out their identity and functionality. In federal Nepal, much emphasis has been laid on building the capacity of local governments that are now the administrative center of delivering services and coordinating with the people. Most public service delivery is performed locally within the jurisdiction of local governments, which minimizes the need for people to go and take services from provincial governments. Additionally, citizens often avoid provincial institutions to solve disputes locally or go with Kathmandu's federal ministries for higher-level or complicated issues of politics, development, and others (Bahl et al., 2022). This pattern reveals some weakness in the governance structure of the offices, in which provinces are considered a 'buffer layer', a level of government capable of influencing the top and down governance but not the day-to-day governance. This paper, therefore, roots in the research problem of addressing critical issues of provincial governments and questions raised about them for the performance from the local perspective.

### **Methodology**

This paper adopts a comprehensive cross-sectional research design, incorporating both quantitative and qualitative data collection methods to construct a holistic understanding of provincial governance in Nepal. In terms of primary data, this study adopts a quantitative approach, though some qualitative insights and arguments have also been taken from the secondary sources. A closed-ended rapid questionnaire survey was administered to 420 respondents, ensuring representation from each of the seven provinces in Nepal, with 60 participants from each. The field visit was conducted from January 3 to 22, 2025, primarily at the headquarters of the provincial governments of Nepal, namely Biratnagar (Koshi Province), Janakpur (Madhesh Province), Hetauda (Bagmati Province), Pokhara (Gandaki Province), Butwal (Lumbini Province), Surkhet (Karnali Province), and Dhangadhi (Sudurpashchim Province), selected for their accessibility and administrative significance. The selection of respondents was based on random sampling conducted in each provincial headquarters, targeting individuals in more crowded clusters. Therefore, the unit of analysis was individual people, not households. Most of the sampled individuals were from the respective province, with a few respondents from outside the province as well.

The survey questions were carefully formulated to address key governance tenets, such as efficiency, transparency, accountability, and participation, to evaluate the perceived performance of provincial governments. Subsequently, case studies were qualitatively analysed to provide context and enrich the interpretation of survey findings from published articles and policy reports. Survey responses from these sources were systematically screened to align with the study's findings and to construct coherent survey results that contribute to the latest in governance discourse. This inclusive research design facilitates a scholarly exploration of the issues and prospects of Nepali provincial governments, potentially yielding valuable recommendations for their efficacy and importance.

### **Review of the Scientific Issues**

#### **Conceptualization of Federalism**

Federalism is a political system that protects the interdependence of different tiers of government in operating, regulating, and making decisions over specific subject matters within defined legal structures. It comprises cooperative rule, meaning authority is exercised jointly at the federal level, and constitutional autonomy, enabling provinces or states (Krane & Leach, 2018). Federalism encompasses multiple dimensions, including political aspects such as the

political system and governance regime. It also extends to economic factors like development, capacity, and the natural resource base, as well as social factors including caste, ethnicity, language, religion, and other forms of identity.

According to the World Forum of Federations, it can be estimated that in the total number of countries in the world, there are about 30 federal states that make up approximately 40 percent of the world's population (WFF, 2024). Combined, these countries have a population of more than 2.9 billion people, which affirms the universality of federalism as a way through which this kind of population, large territories, and complicated governance systems can be managed. Federal systems seek to distribute power amongst two or three levels of government, improving governance efficiency, participation and responsibility. The other division of the federalism system is also based on integrating the structure, whether symmetric or non-symmetric. In a symmetric federal system, all the subnational units have identical powers and responsibilities, as in the USA, Australia and Germany.

However, in an asymmetric federal system, some countries or territories provide self-governing rights to different regions in different degrees due to ethnic, cultural, and historical contextualization, such as India, Canada and Spain. In addition, federalism can be categorized into two-tier and three-tier federal systems. A two-tier federal system is a form of federal governance in which political power is constitutionally divided between two levels of government: the central (or federal) government and the constituent units, such as states or provinces (for example, the USA, Germany, Australia and the UAE). In this model, local governments may exist but operate under the authority of the constituent units and are not recognized as a separate constitutional tier. In contrast, a three-tier federal system incorporates three distinct and legally recognized levels of government: the central government, intermediate governments (such as states or provinces), and local governments (such as municipalities or village councils). Different countries, such as Ethiopia, India, and South Africa, currently operate under a three-tier federal system. Each level has defined roles and responsibilities, often protected by the constitution, allowing for greater decentralization and more direct public participation in governance. However, the intergovernmental relationship between these layers is less explored in academic research (Krane & Leach, 2018).

Federal systems are often classified based on their formation process. The first category includes "coming together" federations, such as the United States and Switzerland, where previously independent entities voluntarily united to form a single federal state while retaining a degree of independence. The second category is "holding together" federations, exemplified by countries like India and Belgium, where federalism is used as a mechanism to maintain unity within a diverse society by accommodating different ethnic, linguistic, or regional groups within a single political framework (Tierney, 2022). This distinction highlights how federal structures can emerge either from the voluntary union of sovereign states or from the need to manage internal diversity within an existing state.

As a system of governance, federalism manifests in various models that reflect different approaches to power distribution and autonomy among subnational units. The dual federalism model emphasizes a clear and distinct separation of powers between the federal and state governments, often described as a "layer cake" structure, where each level operates independently within its own sphere. In contrast, cooperative federalism encourages intergovernmental collaboration and shared responsibilities, likened to a "marble cake" due to overlapping functions and joint policymaking (Elazar, 1987). For example, the United States initially followed dual federalism but gradually shifted toward cooperative federalism, especially during the New Deal era when federal and state governments began to work closely on economic and social policies (Kincaid, 2017).

In addition to its structural and political dimensions, federalism encompasses functional variants such as fiscal federalism and administrative federalism, which play critical roles in

shaping intergovernmental relations. Fiscal federalism refers to the allocation of financial resources and expenditure responsibilities across different levels of government, aiming to ensure efficiency, equity, and accountability in public finance. It involves mechanisms such as revenue sharing, intergovernmental transfers, and taxation authority, which vary widely across federal systems depending on economic capacity and political bargaining (Oates, 2005). Administrative federalism, on the other hand, concerns the distribution and coordination of administrative functions between central and subnational governments. It focuses on who implements policies, manages public services, and ensures regulatory compliance, often revealing tensions between decentralization and central oversight. These functional forms of federalism underscore the complexity and multidimensionality of governance in federations, where constitutional design must be matched by effective institutional and fiscal arrangements to maintain coherence and responsiveness across levels of government.

However, the adoption and functioning of federalism across different nations cannot be fully understood without critically considering the unique historical trajectories, sociopolitical contexts, and cultural dynamics that shape each system. In various studies (e.g. Mazzone, 2024; Zibblatt, 2004), major issues in federal systems often include conflicts over the division of powers, fiscal imbalances, and coordination challenges between different levels of government. These problems are typically caused by ambiguous constitutional provisions, political competition, regional disparities, and weak intergovernmental mechanisms (Fejzula, 2021). Consequently, a comprehensive analysis of federalism requires an integrative approach that accounts for legal provisions alongside the socio-historical realities and political negotiations inherent in each context. This nuanced understanding allows scholars and policymakers to appreciate the diversity of intergovernmental arrangements and to design governance systems that are responsive to both structural imperatives and local particularities (Popelier, 2021; Riker, 2017).

### **Federalism in Nepal**

Federalism in Nepal manifested long-standing demands for inclusivity, equity, and regional empowerment. The country has long endured strong centralized governance as a unitary system since its unification in 1743, failing to meet developmental aspirations and resulting in public grievance. Driven by the spirit of endogenous development, a concept that emphasizes the use of local resources and indigenous knowledge for development, national consciousness began its slow but steady awakening; political debate infected the unitary model as underdevelopment's leading cause; well, for the lack of a better term, the hierarchical feudal structure and political ineffectiveness often ascribed to it (Bhul, 2024; Bhusal, 2023; Thapa & Sharma, 2024). Following the abolition of the monarchy in 2008, the country adopted federalism via the 2015 Constitution, establishing a federal democratic republic comprising federal, seven provinces and 753 local levels of government. This change was intended to decrease socio-economic, regional, and ethnic imbalances and improve governance. However, the shift has been challenging: political instability, the controversy around resource allocation, and even instances of overlapping jurisdiction between tiers of government have showcased mixed prospects for the potential of federalism (Kafle et al., 2024).

There is considerable debates in their performance of federal components of Nepal, particularly in terms of the relevancy of the federal governance (Thapa et al., 2025) as compared to the other two tiers of the federalism, i.e. federal government at the center and the local government at the bottom. Several issues, including poor performance, political instability, corrupt practices, and federal interference, have plagued the functioning of provincial governments (Smith & Smith, 2022). The contestations and dilemmas continue to exist in intergovernmental relations (Subedi, 2025). Despite of posing some opportunities in terms of service delivery, inclusive provisions and leadership development, the challenges posed by coalition politics, frequent government changes, identity politics and undefined jurisdictions have led to delays in

development projects and a decline in public confidence in the utility of provincial governments (Bhusal & Breen, 2024).

The key to addressing persistent challenges within Nepal's federal system lies in a critical reassessment of the role, authority, and institutional capacity of provincial governments. While Nepal's 2015 constitution formally established a three-tier federal structure with significant powers allocated to the provinces, in practice, ambiguities in constitutional interpretation, resource constraints, and overlapping jurisdictions have hindered effective governance. Informally, growing discontent is surfacing among senior leaders of major political parties and in the official positions of some smaller parties, with increasing calls to revise or reform the federal structure—particularly the provincial tier. These discussions reveal a spectrum of views, ranging from anti-federal sentiments that advocate for the rollback of federalism altogether, to reformist perspectives seeking a more functional and context-sensitive federal arrangement. However, these political discourses have largely remained anecdotal or ideological, lacking rigorous empirical or scholarly investigation. There is an urgent need for systematic research to evaluate whether and how provincial restructuring—through territorial reconfiguration, functional reassignment, or fiscal realignment—can enhance the efficiency, legitimacy, and responsiveness of Nepal's federal governance. Without such scholarly engagement, policy debates risk being shaped by partisan interests rather than evidence-based reform strategies.

The Constitution of Nepal (2015) establishes a federal system by clearly outlining the distribution of powers among the federal, provincial, and local governments through Schedules 5 to 9. Schedule 5 assigns 35 exclusive powers to the federal government, covering key national functions such as foreign affairs, defense, and monetary policy. This reflects the central government's dominant role in maintaining national integrity and international relations. In contrast, Schedule 7 includes 25 concurrent powers shared between the federal and provincial governments, such as disaster management and health services. These overlapping responsibilities often lead to confusion and conflict over jurisdiction. Meanwhile, Schedule 8 grants 22 exclusive powers to local governments, including authority over primary education, local roads, and agriculture. This allocation recognizes the importance of local governments in addressing grassroots needs and delivering services effectively. Through this tiered distribution of power, the Constitution aims to institutionalize federalism and promote decentralized governance across Nepal.

Amidst this, Schedule 9 points to 15 concurrent powers shared by all three levels of government, adding further complexity to governance and the potential for jurisdictional wrangling. The theoretical adherence to the constitutional design to facilitate local autonomy and inclusivity, notwithstanding overlapping mandates, has undermined effective federalism. The vagueness of their areas of operation, which refers to the lack of clear delineation of responsibilities and powers, and resource constraints, has further complicated the situation. As a direct consequence, these problems lead to inefficiencies, delays, political enmities, etc., which undermine the logic behind the existing power-sharing arrangements and whether these arrangements yield the intended outcome of more equitable governance.

According to Schedule 6 of the Constitution, all provinces have the same rights and equal legal status (irrespective of size, geography, economy, demography, and development status). Yet, due to legislative dilemmas and other operational difficulties, provincial supervision only partially implements the nominal tampering of political power. This is supposed to induce a huge difference between the perceived axiology vs the actual outcomes of federalism. Critics urge that there needs to be clarity about the powers of federal and provincial governments. Instead of seeing the ordinal and constitutional limitations, there are new challenges in inter-provincial relations that might necessitate further scientific research (Acharya, 2018; Sapkota, 2023).

The Constitution of Nepal (2015) provides a framework for federal governance by distributing powers among the federal, provincial, and local levels. Within this structure, provincial governments are granted a degree of self-rule that allows them to formulate laws, implement policies, and manage administrative functions within their jurisdiction. This includes authority over matters such as provincial policing, education, health, agriculture, and infrastructure development. However, the practical exercise of these powers often faces challenges due to unclear boundaries between federal and provincial competencies, particularly in areas of concurrent authority. As a result, provinces struggle to assert their autonomy effectively, leading to administrative inefficiencies and policy overlaps. Strengthening the clarity and functionality of provincial jurisdictions is thus crucial for the success of Nepal's federal experiment.

## Results

### Sample Characteristics

The study comprised a total of 420 respondents, with a nearly balanced gender distribution, i.e. 52.4 percent male and 47.6 percent female, which ensures an inclusive representation. As the results presented in Table 1, the age distribution revealed that the largest proportion of participants (38.1%) fell within the 31–45 years category, followed by 26.2% aged 18–30 years, highlighting the predominance of younger and middle-aged individuals. Respondents above 60 years accounted for 14.3 percent, ensuring insights from senior demographics as well. In terms of education, the sample included a diverse range: 19 percent had below secondary education, 31 percent had secondary education, while 28.6 percent and 21.4 percent had attained higher secondary and bachelor's degrees or above, respectively. To maintain regional balance, 60 respondents were selected from each of Nepal's seven provinces (14.3% each), supporting equitable provincial analysis. This demographic composition strengthens the validity and generalizability of the findings related to governance and federal practices.

**Table 1.**

*Sample Characteristics of the Study Site*

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	220	52.4
	Female	200	47.6
Age Group	18–30 years	110	26.2
	31–45 years	160	38.1
	46–60 years	90	21.4
	Above 60 years	60	14.3
Education Level	Below Secondary	80	19.0
	Secondary	130	31.0
	Higher Secondary	120	28.6
	Bachelor and above	90	21.4
Province	From all seven provinces	60X7	14.3% from each
Total	-	420	100

*Source: Field survey, 2025*

### Perceptions of People regarding Provincial Governance

The results demonstrated significant differences in the respondents' ratings of the effectiveness and relevance of the provincial governments in the seven provinces. Table 2 provides the mean score and standard deviations for the preliminary satisfaction level, the level

of confidence in governance mechanisms, and the necessity of provincial government institutions.

**Table 2.**

*Citizen Perceptions of Provincial Governance*

Province	Satisfaction (%)	Trust (%)	Perceived Necessity (%)	Mean (%)	SD (%)
Koshi	42	38	30	36.7	6.4
Madhesh	35	29	25	29.7	5.0
Bagmati	50	45	40	45.0	5.0
Gandaki	47	42	38	42.3	4.6
Lumbini	39	35	32	35.3	3.5
Karnali	33	30	27	30.0	3.0
Sudurpaschim	31	28	25	28.0	3.0

*Source: Field survey, 2025*

As the result confirms, there is no uniform distribution of satisfaction, trust, and perceived necessity for provincial governance among the citizens in all the provinces of Nepal. The highest percentage of satisfaction (50%), trust (45%), and necessity (40%) was with Bagmati Province, which benefits from better roads and easy access to Kathmandu. On the other hand, the provinces of Karnali and Sudurpaschim, while currently showing the poorest mean percentages of 30 percent and 28 percent, respectively, due to systematic problems, including high levels of geographical access, poor availability of resources and weak administrative structures, have the potential for significant improvement. Qualitative results also show various sampling results, where Koshi has the highest SD = 6.4, meaning that society has different opinions about the situation. In contrast, Karnali's has the lowest SD = 3.0, which implies that most of Karnali's society gives a negative impression. Each trend highlights the asymmetrical development and government capabilities that are outgrowths of historical marginalization and resource imbalance.

The results outlined above call for particular policy action to improve governance practices and service qualities in provinces. More extraordinary efforts in resource reallocation, capacity enhancement, and the practical promotion of public participation are crucial ways to narrow the gap between better and poorly performing provinces. Further, improved accountability frameworks and infrastructures, along with combating corruption practices, are preconditions to regain the public's confidence in the provinces, especially in the provinces of Madhesh and Sudurpaschim. In this regard, Bagmati, which is slightly more effective than other provinces, proves the workings of the federalism concept while, at the same time, demanding further decentralization and equity initiatives. As the paper shows, it is possible to strengthen provincial governance to make federalism work for inclusive development in Nepal.

### **Challenges in Provincial Governance**

The study determined several factors that threaten provincial governance, the most significant of which are corruption and political instability. Table 3 shows the details of the distribution of these challenges and their means and standard deviations. The frequency (n) represents the number of respondents endorsing each challenge out of the total sample of 420, from which the corresponding percentages were calculated. The mean and standard deviation (SD) are derived from responses on a 5-point Likert scale and are expressed as percentages for the purpose of standardized comparison.

**Table 3.**  
*Challenges in Provincial Governance*

Challenge	Frequency (n)	Mean score (%)	SD (%)
Inefficiency in service delivery	269	64.0	2.0
Political instability	244	58.0	3.5
Corruption	302	72.0	4.0
Central government interference	277	66.0	3.2
Lack of administrative resources	227	54.0	2.5

*Source: Field survey, 2025*

As the results reveal, several critical factors have significantly impacted the effectiveness of provincial governance in Nepal. Among these, corruption emerges as the most pressing issue, with 72 percent of respondents (mean =72.0%, SD = 4.0%) acknowledging its enormity. This alarming statistic underscores the urgent need for immediate and decisive action to address the institutionalized corruption undermining the management of governance frameworks in Nepal (Acharya, 2018). The pervasive nature of corruption directly threatens public integrity and openness, which are the bedrock of effective governance.

Interference also has a central role in central government (66%, SD=3.2), which shows the asymmetrical relation between federal and provincial governments. This asymmetry is characterized by a significant influence of the central government over the provincial governments, leading to a lack of genuine autonomy. Respondents consider this to be one of the major issues preventing provincial autonomy and efficiency. In this context, the findings of Pant and Sharma (2020) show that a favoring centralizing pattern exists in Nepal's federal structure. Poor service delivery was indicated by 64% of the respondents and is manifested by the province's failure to effectively discharge its governance roles, probably due to duplication of duty and availability of resources. The impact of this interference is significant and urgent, requiring immediate attention.

Other significant challenges include political instability (58%, SD 3.5) and a lack of administrative resources (54%, SD 2.5). The relatively low standard deviation for resource constraints indicates that this is a common challenge, exacerbated by geographic and infrastructure differences across provinces such as Karnali and Sudurpaschim. As also evident in similar kinds of studies (Ghimire, 2022; Naher, et al., 2020), these findings underscore the critical need for substantial investment in capacity building in provincial governance, particularly in addressing inefficiency, corrupt practices, and resource constraints.

### **Alignment with Good Governance Principles**

The survey assessed provincial governance against key principles of good governance: efficiency, clarity of process, responsibility, involvement, and sensitivity to the public's needs and demands. Table 4 presents the means and standard deviations of each province's governance score in this study.

**Table 4**  
*Good Governance Principles in Provincial Governance\**

Principle	Koshi	Madhesh	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim	Mean	SD
Efficiency	3.5	3.2	4.0	3.8	3.4	3.0	2.9	3.4	0.5
Transparency	3.2	3.0	3.8	3.5	3.3	2.8	2.6	3.2	0.5
Accountability	3.0	2.8	3.5	3.3	3.0	2.6	2.5	3.0	0.4
Inclusivity	3.4	3.1	3.9	3.7	3.3	3.0	2.8	3.3	0.4
Responsiveness	3.6	3.3	4.1	3.8	3.5	3.1	2.9	3.5	0.4

Average (Province)	3.34	3.08	3.86	3.62	3.3	2.9	2.74	-	-
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*Source: Field survey, 2025 (\*Scale: 1 = Very Poor; 5 = Excellent)*

The province-wise average scores indicate that Bagmati (3.86) and Gandaki (3.62) perform relatively better in achieving good governance principles, suggesting stronger institutional practices and public service delivery in these regions. In contrast, Karnali (2.9) and Sudurpaschim (2.74) exhibit lower average scores, reflecting challenges in governance capacity, administrative effectiveness, and citizen engagement. At the specific level achievements, Bagmati Province leads all five principles, scoring the highest in efficiency at 4.0, transparency at 3.8, accountability at 3.5, inclusiveness at 3.9, and responsiveness at 4.1. These outcomes also show administrative structural and strategic central advantage, correlating with Bagmati's better performance at respondent satisfaction and trust levels. The overall scores for the fifth component, namely responsiveness (Mean = 3.5, SD = 0.4), indicate fairly positive interactions between provincial authorities and the population.

On the other hand, Sudurpaschim and Karnali have the lowest scores, with transparency at 2.6 and accountability at 2.5, respectively, the poorest performing indicators. Interestingly, the results showed an absence of governance structures in these provinces, probably due to geographical isolation and a lack of resources, as pointed out by Pant (2020). On efficiency, the mean was 3.4 (SD= 0.5), although the scores in Sudurpaschim (2.9) and Karnali (3.0) denote poor performance, plausibly due to weak administrative management and coordination.

For the transparency index, the mean score is calculated as 3.2, SD = 0.5, showing that the practice varies considerably, where provinces like Bagmati and Gandaki have done well, maybe because of a better institution. Thus, the mean (SD) for inclusivity and accountability were 3.3 (0.4) and 3.0 (0.4, respectively), and there were regional differences that required policy interventions. Whereas Koshi and Gandaki are higher than the average level for various indicators, Madhesh has lower performance, which can be attributed to governance failure resulting from insecurity. Consequently, the study recommends the development of structures to implement targeted solutions regarding the nurture of systemic problems in governance across provinces, especially in the poor-performing provinces of Karnali and Sudurpaschim. In context of Karnali, these findings also align with the conclusion of Ayadi (2025). The provincial disparities can be remarkably reduced or eradicated through vital governance reforms such as the promotion of transparency, decentralization and capacity building, thus enhancing governance equity across all the provinces.

### **Citizen Engagement with Provincial Institutions**

Chi-square and ANOVA were employed to test the hypothesis regarding citizen engagement and perceptions of principles of governance. As evident in Table 5, this finding suggests a statistically significant difference ( $p < 0.05$  on all measures) in how these principles affected the engagement levels.

Building on the governance principle scores discussed previously—where accountability (mean = 3.0), responsiveness (3.5), efficiency (3.4), inclusivity (3.3), and transparency (3.2) showed modest yet meaningful variations across provinces—the statistical analysis in Table 5 further substantiates these interprovincial discrepancies through inferential testing. The chi-square results indicate that citizen engagement is significantly associated with all five principles of good governance, with the strongest association observed for accountability ( $\chi^2 = 18.56$ ,  $p = 0.01$ ). This reinforces earlier findings that accountability, while scoring moderately in perception, plays a pivotal role in fostering citizen trust and participation—an essential trait in federal governance.

**Table 5***Statistical Analysis of Citizen Engagement and Governance Principles*

Governance principles	Chi-Square value	p-value	F-statistic	p-value (ANOVA)
Efficiency	16.24	0.02	5.12	0.01
Transparency	12.34	0.03	4.76	0.02
Accountability	18.56	0.01	6.43	0.00
Inclusivity	10.78	0.04	4.21	0.03
Responsiveness	14.29	0.02	5.78	0.01

*Source: Field survey, 2025*

Similarly, responsiveness ( $\chi^2 = 14.29$ ,  $p = 0.02$ ) and efficiency ( $\chi^2 = 16.24$ ,  $p = 0.02$ ), which had relatively higher mean values in the previous section, are also statistically significant in explaining engagement, confirming that service delivery timeliness and administrative capability are crucial for strengthening subnational governance. The ANOVA results align with this interpretation by highlighting significant interprovincial differences—most notably in accountability ( $F = 6.43$ ,  $p = 0.00$ ) and responsiveness ( $F = 5.78$ ,  $p = 0.01$ )—suggesting that while federalism aims to ensure equitable governance, uneven performance persists across provinces. The lower F-statistics for transparency ( $F = 4.76$ ,  $p = 0.02$ ) and inclusivity ( $F = 4.21$ ,  $p = 0.03$ ), despite their lower perception scores, indicate less pronounced yet still important variation that could affect equitable participation and information access.

The research validates that the governance principles of the higher-performing provinces significantly enhance public participation, thereby supporting the role of good governance in strengthening federalism in Nepal. These statistical findings underscore the critical need for tailored approaches to increasing government accountability, transparency, and responsiveness in the least-performing provinces, such as Karnali and Sudurpaschim, thereby emphasizing the importance and relevance of the research.

### Comparative Role of Local and Provincial Governments

In assessing the effectiveness of federal governance, public perception of all three tiers of government is crucial. This study finds it particularly interesting to visualize these perceptions from the provincial level. Respondents overwhelmingly preferred local governments for routine services due to easy access and physical proximity. Table 6 summarizes preferences for governance levels in service delivery that people often believe should be provided in different tiers of the government.

**Table 6***Preference for Governance Levels in Service Delivery (in %)*

Service Type	Local Government	Provincial Government	Federal Government
Routine services	78	15	7
Regional development	22	63	15
Policy decisions	8	20	72

*Source: Field survey, 2025*

When asked to participate in routine services like maintenance of local infrastructure and public health, 78 percent of respondents want local government involvement as opposed to 15 percent who support provincial government and 7 percent of the federal government. This strong preference for local government supports the decentralization objectives of Nepal's federal

system, showing the people's familiarity with the government entities regarding service delivery. Importantly, these findings align with other studies, including Adhikari and Kurdi, (2025) and Shrestha (2019), who observed that local governments are more suitable for responding in the short term and enhancing citizens' participation in their locality.

However, for regional and balanced development, where most of the projects would entail large-scale infrastructure development and regional planning, the primary response (313/497) (63.2%) is the provincial government, a clear indication of citizens' appreciation for the provincial government's role. This is followed by local (111/497) (22.3%) and federal (73/497) (14.7%). This preference indicates that citizens appreciate the functions of provincial governments in the coordination of development in a louder and more visible way, including some provincial mega projects and pride programs. This intermediary level of government is best equipped to manage such affairs owing to the larger sphere of responsibility and funding.

Regarding policy decisions, there is a definite positive inclination towards the federal government; a total of 72 percent of respondents have opted for the federal level for decisions about policies. This supports the notion that national policies should be uniform and centralized to apply a uniform official standard across the country. For instance, policies related to the economy, politics, and international relations, as well as constitutional concerns, should be consistent and centrally managed. The lesser preference for policy-making involvement of provincial (20%) and local governments (8%) is due to the requirement for a unified policy system to respond to current national issues.

These findings shed light on how people and bureaucracies (i.e. service recipients and providers) interact in a given layer of the federal system in Nepal, which is a system where governance responsibilities are divided between the federal, provincial, and local levels. Local governments are considered optimal for delivering daily services, provincial for regional development, and finally, federal for creating policy outcomes for the development of whole country in national and international context. These preferences are the natural consequence of the changes in the role of each level of governance within the federal state of Nepal and indicate potential directions to develop the functions of delivering services according to the people's expectations.

### **Discussion**

The results from the ranking of the Nepalese citizens on the governance levels and their preferences for the pros and cons signpost several essential themes, which are imperative in deciphering the efficiency of the federal system in Nepal. Undoubtedly, one of the most significant observations from the research process is the near-total endorsement of the local government about providing essential services. This high level of trust in local self-governance, with 78 percent of the total respondents supporting it for day-to-day needs, indicates that the decentralization process has enabled the people to develop a direct link with their local governments. This opinion is similar to a concept previously noted by Chandrika and Acharya (2020) about local authorities being closer to the local people and meeting their requirements. The local government is seen as more responsive, resulting in a fast reaction to local communities' complications, emergencies, or particular needs. However, while this may be the case, it is also pivotal to note that local governments may be constrained by administrative disability and resource scarcity. Chaulagain (2020) states that local governments are most trusted for such services. However, they may need to deliver more efficiently and effectively due to utterances of needing to be more effective and having limited resources.

A second key finding of the research is the provincial government's active participation in implementing regional development projects. More than two-thirds of the respondents reflected their positive response that provincial governments are working on regional infrastructure and planning. It implies that people believe provincial governments are comparatively functional in

fostering big projects covering diverse areas of interventions, representing provincial needs or aspirations and people's expectations. This belief in the provincial government's capacity to undertake such projects should instill a sense of optimism about regional development. Provincial governments are regarded as having the authority, means, and capacity for functions larger than local governmental areas but do not necessarily call for central or federal government intervention in infrastructure, education, and healthcare.

The observed trends are similar to those of Acharya (2021), who stressed that this attitude is quite reasonable since provincial governments are positioned to consider demands and local interests weighed against regional interests. Nevertheless, this paper also established that uncertainty regarding political stability, availability of funds, and coordination between provincial governments affects the efficiency with which they can undertake regional projects. It is interesting to note that people were more confident in saying that the mayor or chairperson of their respective municipality is more practical and workable for them than the provincial assembly member (Poudel & Sharma, 2023). In informal conversation, only a few people could tell the name of the Chief Minister, Ministers, Chief of the Provincial Assembly and honorable Chief of the Province. However, many times, they emphasized the recognition and rationale of leaders elected in the local governments. It might be due to their easy access and exposure to the local governments and representatives. This indicates how the people perceive the provincial leadership and government as just fulfilling places for political parties, which could not generate trust and hope for people and only contribute to the settlement of cadres and regional leaders of the political parties.

Another prevalent theme is the problem with the effectiveness of provincial administration, as evidenced by how often corruption, political instability, and central government encroachment are mentioned. In total, 72 percent of respondents pointed to corruption as an essential problem, which shows that questions of transparency and accountability are significant at the provincial level. Coronavirus has been prevalent in Nepal since the time of centralized government as well as provincial one; the level of corruption that has been manifested in the performance of the governmental bodies has remained high, which led to people's distrust for the existing system and decay of leadership effectiveness (Jarvis, 2020; Sapkota, 2021). This remains true because political instability has also been depicted as a challenge, with 58 percent of the respondents agreeing on the same, hence becoming a challenge to governance at the provincial level. It might be due to their reluctance as well frustration. As the country has embraced the change and uncertainty of coalition politics, so much instability has hindered strategic planning towards offering efficient services. Furthermore, 40 percent of respondents mentioned that central government interference is an issue that shows the conflict between the federal and provincial governments. However, the provinces still have a centralized system; therefore, the provincial governments are not so independent.

The findings of the study also reveal issues of governance and planning challenges in Nepal's federal context, particularly concerning gender and development. Dahal (2025) asserts that women's fear and exclusion of youths from party politics undermine participatory governance, limiting the effectiveness of provincial planning processes. Similarly, Sapkota and Dahal (2022) critique the state's failure to institutionalize gender-responsive governance, arguing that federalism has devolved authority without addressing patriarchal structures. These insights underscore that without inclusive planning and gender-sensitive policies, provincial governments struggle to uphold key governance principles such as inclusivity, responsiveness, and accountability, thereby weakening the transformative promise of federalism in Nepal.

Last of all, it is demonstrated that governance principles are essential for understanding the nature of effective provincial governance. Self-assessment done by the researcher on the principles of public administration for the provinces is presented in Table 4. The result reveals that mean scores for efficiency, transparency, accountability and responsiveness were

significantly low among the provinces. For instance, the average score for efficiency was 3.4; thus, while provincial governments observe effort, they are considered ability-challenged in executing their duties. These findings concur with Thapa (2022), who recommended capacity enhancement of institutions, effective policy implementation and people's participation to bring quality governance to the provincial layer. The urgent need for capacity enhancement in provincial governance is underscored by the low self-ratings given to accountability, with a mean of 3.0 and transparency, with a mean of 3.2, which means that people need more confidence in the ability of provincial governments to be transparent and accountable in their operations. The problems mentioned above will inevitably augment the provincial government's role and authority in the context of its practical application in Nepal's successful federal structure and capacity to respond to the population's demands.

### **Conclusion**

This research offers insights into the perceptual aspects of provincial governance in Nepal from a critical perspective regarding the federal structure. Even though local governments are widely seen as better at executing regular tasks, provincial governments occupy an intermediary proximate level of development, governance and service delivery bridging the local governments at the bottom and the federal government at the center. However, corruption, political instabilities, and the involvement of the central government put many constraints on these provincial governments by restricting their ability to deliver services to the populace. These challenges pose a curtain to warrant sound institutional structures that would help enhance transparency, accountability, and responsiveness at the provincial level. Addressing these issues is significant to providing suitable operational models for Nepal's federal structure, which must function with more autonomy and improved operational capacity to provide proximate governance for local people in diverse socio-political contexts.

The study also affirms a need to ensure that sound governance principles are persistently implemented at the provincial level to enhance citizens' confidence. Although the center has tried to decentralize its authority, several provincial governments in Nepal need to work more efficiently, transparently, and accountably. This paper has argued for increased resources, improved provincial administrative structures, and more decentralization for the provincial governments if federalism is to succeed in Nepal. Improving governance structures and guaranteeing that governance is more democratic will make provincial governments more acceptable to the people and act as a gap filler between the people's expectations and what the provincial governments deliver. The facts and findings from this study are valuable for policymakers who want to eradicate the problems relating to governance shortcomings and prevent the formation of a just and better federal system in Nepal.

At the end, this paper offers some critical reflections on the way forward. Nepal's current political situation presents both opportunities and challenges, particularly with the federal delineation and the new constitution. However, political frustration, youth alienation, and the dominance of party politics in nearly every sphere of public life remain significant challenges. This paper, therefore, recommends some critical measures and policy interventions to enhance the effectiveness of federal governance structures. Key recommendations include reforming political parties, fostering pro-people leadership orientations, restructuring the electoral system, curbing unnecessary public expenditures, strictly enforcing anti-corruption policies, and strengthening the constitutional role of the federal government in supporting provincial administrations. Future research should examine the institutional and behavioral dimensions of federalism, with particular attention to the dynamics between federal and provincial levels, and evaluate how reforms in electoral systems, leadership accountability, people's participation, and political parties shape governance outcomes and public trust at the provincial level.

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