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**Federalization in**

**Nepal**

**A Peace and Conflict Perspective**



**THE OHIO STATE UNIVERSITY**

MERSON CENTER FOR INTERNATIONAL  
SECURITY STUDIES

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The Mershon Center for International Security Studies collaborated with International Alert Nepal, an international non-governmental peacebuilding organization, to conduct a peace audit of Nepal's progress in implementing the 2015 Constitution's commitments to political and social inclusion. This publication is one of three reports emerging from the project, which examines the intersecting roles of cultural identity, insecurity, and federalism in shaping contemporary ethnic- and caste-based conflict in Nepal. The project benefited from the participation of many experts, whose contributions we gratefully acknowledge.

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*Cover image was taken by Shailendra Dhakal. Caption: Elder weaving a basket in a Nepali village.*

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# INTRODUCTION

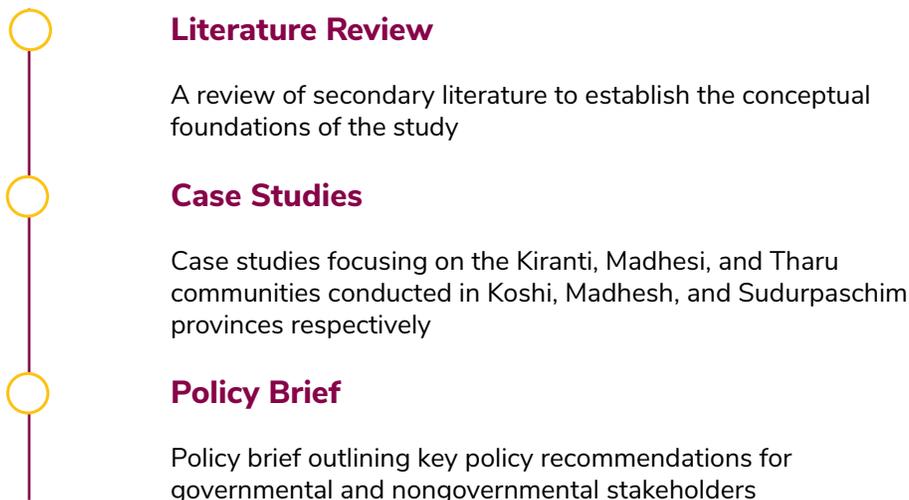
Nepal's federal restructuring in 2015 marked a historic shift aimed at addressing deep-rooted exclusion, centralization, and conflict. Framed as both a governance reform and a peacebuilding measure, federalism promised to decentralize power, ensure representation of diverse groups and community, and bring historically marginalized communities including Madhesi, Tharu, Janajati, Dalits, women, and youth closer to decision-making.



This report, a component of the Peace Audit initiative, critically examines how federalism in Nepal has been contested, adapted, and evolved since 2015. It assesses the impact of federalism on inclusion, participation, governance equity, and collective (in)security, particularly among historically marginalized groups. The report also identifies the implications of these impacts on building a more peaceful and sustainable Nepal.

Drawing on qualitative fieldwork conducted in Kathmandu and in Koshi, Madhesh, Lumbini, and Sudurpaschim provinces, this assessment evaluates how federal reforms are experienced on the ground across caste, ethnicity, gender, and geography.

The research, carried out in multiple interrelated phases, applied a peace and conflict lens, with each phase building upon another to produce a set of complementary outputs. These outputs include the following:



The report's findings are based on a combination of insights from a literature review, case studies, and field data collected throughout the different phases of research. These primary findings were further supported by an analysis of relevant secondary sources.

This report is structured to provide a comprehensive and grounded analysis of federalism in Nepal. It is aligned with the core objectives of the Peace Audit: **to assess whether the federal system is fostering inclusive peace and democratic transformation or being undermined by elite capture and governance inefficiencies.**

## SECTION 2

The report begins with a background section (section 2), that situates Nepal's journey to federalism within its broader historical context, one that is marked by conflict, exclusion, and centralized rule.

## SECTION 3

The methodology, outlines the research design and phases of the Peace Audit process.

## SECTION 4

Section 4 explores the rationale for adopting federalism in Nepal, particularly as a response to structural inequalities and identity-based grievances.

## SECTION 5

Section 5 discusses the constitutional foundations of federalism, with a particular focus on inclusion and decentralization as guiding principles of the new governance framework.

## SECTION 6

Section 6 examines the persistent struggles of Nepal's provincial governments under federal system. It shows how provinces, though constitutionally autonomous, remain weak and sidelined due to federal dominance, lack of enabling laws, and unclear roles between federal and local levels.

## SECTION 7

This section presents a comprehensive overview of political representation under federalism, analyzing the participation of various caste, ethnic, and gender groups across successive federal elections.

## SECTION 8

Section 8 examines the impact of Nepal's post-federal power devolution, highlighting both the gains and persistent disparities in local governance, structural and social challenges.

## SECTION 9

This section explores how federalism in Nepal has both strengthened local governance and exposed persistent inequalities. On one hand, empowered local governments have improved public service delivery, bringing decision-making closer to communities and increasing citizen satisfaction. On the other, power has become concentrated among local elites, while many marginalized groups remain excluded from meaningful participation, revealing an uneven distribution of federal gains.

## SECTION 10

The core analysis of the report, section 10, is organized into seven thematic subsections. Each examines a critical aspect of how federalism is unfolding in practice, reflecting on the complex and evolving realities of power, participation, and governance in Nepal. They are analyzed through a peace and conflict lens, emphasizing both the transformative potential and ongoing tensions within the federal experiment.

# BACKGROUND

Nepal's adoption of federalism, enshrined in its 2015 Constitution, was advanced through the 2017 elections. This was more than a political reform: It was also a broader political settlement that aimed to end conflict and a structural reform to redistribute historically centralized power. The Comprehensive Peace Accord (CPA) of 2006 marked the formal end of a decade-long Maoist insurgency and paved the way for federalization through the 2007 Interim Constitution. However, the Interim Constitution also marked the beginning of a contested journey to redefine the Nepali state. Federalism emerged as a key bargaining outcome to address long-standing grievances of exclusion and domination, particularly by the Khas-Arya ruling class, and to create space for meaningful inclusion of historically marginalized groups such as the Madhesi, Tharu, Janajatis, Dalits, and other ethnic minorities.

The negotiation of federalism was an intense political contestation. The 2007 Interim Constitution codified the principle of state restructuring, echoing the CPA's promise to transform the unitary, centralized state into a more inclusive and representative federal structure. The 2015 Constitution reaffirmed this, linking federalism to the goals of sustainable peace, good governance, and inclusive and equitable development.<sup>1</sup> Inclusion and proportional representation of marginalized groups were central demands during the peace process and the federal transition. The CPA's promises were addressed in the 2007 Interim Constitution to enable representation of historically excluded groups, including Madhesis, Dalits, Janajatis, women, and other ethnic and religious minorities across all state structures.<sup>2</sup> This opened space for a series of identity-based movements that advocated for identity-based federal structures, self-rule, cultural recognition, and proportional representation—demands that have long sought to recalibrate the state's power, which had been monopolized by dominant groups for decades.



*Bridge Over the Bagmati River in the Pashupatinath Temple Complex.  
Credit: Mehmet Turgut Kirkgo*

However, the political process that followed revealed the complexities of power-sharing. Questions about numbers, criteria, and the degree of autonomy became a flashpoint among actors competing to restructure the state. The State Restructuring Committee of the first Constituent Assembly (CA) proposed a fourteen-province model based on both identity (ethnic, cultural, historical) and capability (economic viability, infrastructure, etc.), but this model lacked political consensus.<sup>3</sup> The subsequent High-Level State Restructuring Commission also failed to produce consensus, reflecting deep divisions within the political leaders particularly between historically dominant Khas-Arya representatives and those advocating for identity-based federalism.

This failure of consensus led to repeated breakdowns in the constitution-making process, transferring the unresolved federal question from the first CA to the second. In 2015, amid a national crisis caused by a major earthquake, the political leadership struck a high-level deal to reduce the number of provinces, initially to six and then, following protests in the Karnali region and a few districts from the Mid-Western Development Region, to seven.<sup>4</sup> This seven-province model, although formally ending the impasse, was perceived by many identity-based movements as a dilution of the federal promise and a compromise that preserved elite dominance rather than transforming power relations.

**Federalism in Nepal was therefore a negotiated compromise, born out of conflict. However, the extent to which it has restructured power remains contentious. While it symbolized the formal redistribution of power across three levels of government, the deeper promise of transforming social hierarchies and redistributing political and economic power remains partially fulfilled.**

The experience of federalism has been unable to challenge enduring power asymmetries thus far. The elections at all three tiers of government have opened up new political spaces, but the question of who now wields power in the federal system persists. Federalism was intended to redistribute power from Kathmandu-centric elites to local and provincial actors, but in practice, many of the same elites have retained control by adapting to the new structure, harnessing their past legacy without surrendering substantive power. This dynamic is reflected in critiques of how the proportional representation system has been manipulated to favor elite women and upper-caste individuals while sidelining grassroots leaders from marginalized communities.

Power-sharing at the subnational level has also been shaped by elite party networks, with local governments often operating as extensions of central party apparatuses.



International Alert's studies note that decentralization has increased access for marginalized groups like Madhesi Dalits, Tharus, and Muslims. On the other hand, federalism is also seen by some as a means for political patronage, where local government units are contributing to the decentralization of corruption and weakening of accountability.<sup>5</sup>

This tension between the formal settlement of conflict and the informal reproduction of elite power raises critical questions about the legitimacy and durability of Nepal's federal experiment. Scholars such as Dulal argue that federalism remains "cosmetic," with little institutional transformation from its unitary past.<sup>6</sup>



*Kathmandu, Bagmati Province, Nepal.  
Credit: Surendra Basnet*

Since its operationalization, federalism in Nepal sits at a crossroads. On one hand, it has created institutional mechanisms for inclusion and localized governance. On the other, it could lose its real meaning if powerful elites keep holding on to power under the guise of decentralization.

Two competing narratives have emerged. One sees federalism as a still-unfolding process of state transformation, emphasizing the need for patience and further reform to ensure meaningful inclusion. The other sees it as a captured project where the rhetoric of inclusion masks a reality of elite consolidation, inefficiency, and systemic corruption.

The latter highlights how subnational units have become tool for rent-seeking and clientelist politics, with federalism enabling elite appropriation of state resources rather than restraining it. Citizens expected federalism to deliver better service, rule of law, and inclusive development, but allegations of duplication, bloated bureaucracies, and tax burdens have fueled their disillusionment.

In sum, Nepal's federalism is both a product and a test of its post-conflict settlement. It reflects a political compromise forged to sustain peace and to embrace and accommodate diversity. However, it is also contested terrain where old and new power holders struggle over the terms of inclusion, representation, and authority. Whether federalism deepens peace and democracy transformation or taken over by elite interests depends on how these power dynamics evolve over time.

# METHODOLOGY

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This research was conducted as part of the Peace Audit project that was jointly developed by International Alert and the Mershon Center for International Security Studies at The Ohio State University. It seeks to examine the intersection of federalism, identity, and insecurity in Nepal, focusing on the lived experiences and perception of historically marginalized groups such as the Tharu, Madhesi, and Kiranti communities in particular. The study employs a qualitative, participatory methodology that combines political analysis gathered from secondary sources with community-level inquiry to capture evolving power dynamics in post-2015 federal Nepal.

## RESEARCH OBJECTIVES

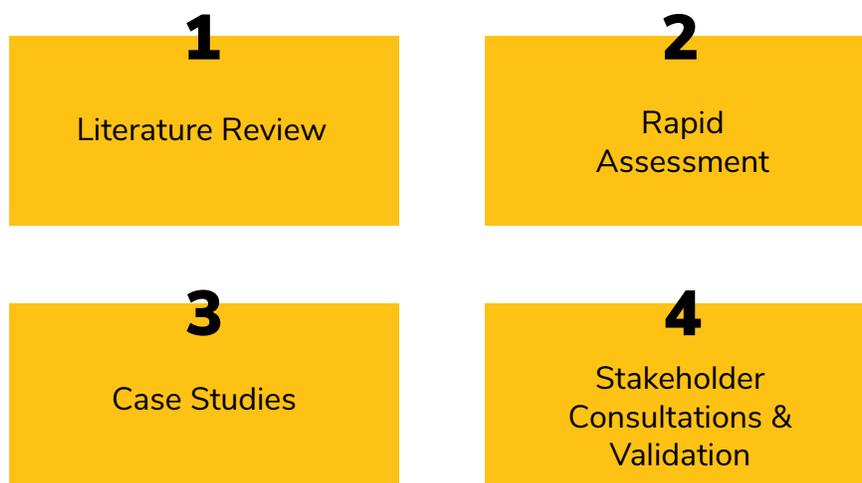
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The Peace Audit is an adaptive action-research initiative aimed at understanding whether federalism in Nepal is fostering inclusive peace and democratic transformation or being undermined by elite capture. The research seeks to critically examine how the federal system, introduced in 2015, has affected historically marginalized groups. By analyzing both historical and current grievances across geographic, caste, linguistic, and ethnic lines, the research aims to uncover how federal reforms are perceived and experienced on the ground. It further examines local communities' understandings of meaningful participation with the narratives and priorities emerging at the subnational and national levels. Ultimately, the Peace Audit aims to inform the design of evidence-based policy interventions by engaging state actors, researchers, and individuals from national and international nongovernmental organizations, international nongovernmental organizations, and civil society to promote a more inclusive and accountable federal governance system.

## METHODOLOGICAL FRAMEWORK AND PHASES

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The research unfolded in four interrelated phases: (1) literature review, (2) rapid assessment, (3) case studies (with power mapping exercises), and (4) stakeholder consultations and validation. Each phase built upon the insights and evidence generated from the preceding one.



## PHASE 1: LITERATURE REVIEW

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The first phase involved a comprehensive literature review to establish the conceptual and historical foundation of the study. This included an extensive analysis of academic literature, policy documents, and previous research

on federalism, marginalization, and political transition in Nepal. This review helped trace the trajectory of ethnic grievances and political contestations over federal restructuring. Additionally, it established a theoretical foundation through frameworks such as consociationalism and centripetalism. The analysis of Nepal's federal model, viewed through the lens of power-sharing and inclusion, incorporated insights from scholars such as Arend Lijphart, Benjamin Reilly, Donald Horowitz, and Matthijs Bogaards.

## PHASE 2: RAPID ASSESSMENT

A rapid assessment was carried out in July 2023 to refine the research design and validate the relevance of the chosen communities and provinces. Eight key informant interviews (KIIs) and three focus group discussions (FGDs) were conducted across Sudurpaschim Province, Lumbini Province, and Kathmandu. These discussions revealed that while federalism has introduced new institutions and political spaces, it has not consistently delivered on its promises of inclusion, especially for marginalized groups. These findings helped shape the selection of field sites, respondent profiles, and thematic areas for deeper inquiry.

## PHASE 3: CASE STUDIES

To explore the power dynamics at the local level and to better understand its impact on marginalized communities, a case study approach, grounded in both demographic and political relevance, was employed. Three ethnic groups were selected to reflect historical marginalization, demographic significance, and their active roles in shaping federal debates: the Kiranti, Madhesi and Tharu. Each of these groups has a long history of entrenched marginalization and exclusion in Nepal. The Tharu are Indigenous peoples of the western Terai, the Madhesi are distinct caste and language groups from the central Terai, and the Kiranti are Indigenous hill populations from the east. They share common experiences of political and social struggle, and together, they represent some of the largest minority groups in the country and embody Nepal's ethnic and geographic diversity. These communities played active roles during Nepal's ten-year armed conflict and emerged as some of the most vocal proponents of federalism, specifically advocating for identity-based provinces. Their significant population sizes and leadership bases have enabled strong grassroots mobilization and collective political influence.

Data collection combined qualitative depth with participatory analysis. In each of the three provinces, the research team conducted ten to twelve semistructured KIIs with a diverse set of actors, including political representatives, community leaders, civil society members, bureaucrats, and local government officials. These interviews sought to unpack local power configurations, assess mechanisms of inclusion and exclusion, and understand how marginalized communities access services and participate in political processes. The geography for data collection focused on Tharu in Tikapur and Dhangadi (Sudurpaschim Province), Madhesi communities in Janakpur and Bardibas (Madhesh Province), and Kiranti groups in Bhadrapur and Ilam (Koshi Province). These locations were chosen for their representativeness and political salience in Nepal's evolving federal landscape.

In addition to KIIs, participatory power mapping workshops, each involving up to twelve participants, were held in every location. These sessions used visual tools such as color codes and spatial markers to map out shifts in power dynamics that have occurred since federalization. Participants worked together to identify different forms of power (visible, hidden, and invisible), the key actors involved, and the nature of their relationships (supportive, transactional, or adversarial). These exercises were crucial in uncovering persistent barriers to representation and influence faced by marginalized groups. Together, these methods offered a layered and grounded understanding of how power operates and evolving in federal Nepal.

## PHASE 4: STAKEHOLDER CONSULTATION AND VALIDATION

KIIs were conducted in Kathmandu with high-level respondents. These included senior political figures, parliamentarians, political leaders who participated in Nepal's peace process and CA, political analysts, and academics. Further, KIIs were conducted in Lumbini Province with policymakers, elected officials, and

bureaucrats. These interviews corroborated field findings and validated emerging themes. The following key insights were revealed:

- The legacy of elites and exclusionary practices are deeply entrenched.
- There are gaps in coordination between the federal and provincial tiers.
- Legal ambiguities facilitate elite capture.
- The public is disenchanted with political leadership, but not with federalism as a system.

This phase refined the study's analytical lens, ensuring its relevance to policy and governance reform.

## ANALYTICAL AND THEORETICAL FRAMEWORK

The study draws conceptually from two theories: consociationalism, which emphasizes power-sharing, representation, and inclusion in plural societies, and centripetalism, which promotes intergroup accommodation and de-ethnicized politics. Nepal's 2015 Constitution incorporates both consociationalism and centripetalism principles. While it leans more heavily toward consociationalism principles with its provisions for proportional representation and inclusion, the Constitution contains elements of centripetalism through its federal design, which does not fully mirror ethnic divisions.

Additionally, Steven Lukes's three dimensions of power—visible, hidden, and invisible—offer a useful framework for analysis.

- Visible power relates to formal roles, decision-making structures, and leadership visibility.
- Hidden power involves access to political space, influence over agendas, and gatekeeping.
- Invisible power concerns internalized norms and narratives that shape perceptions of legitimacy and belonging.

This approach enabled a multidimensional analysis of how power is exercised, contested, and legitimized across different tiers of government and among different social groups.

### Three Dimensions of Power



**Visible Power**  
Formal decision-making



**Hidden Power**  
Agenda-setting, behind the scenes influence



**Invisible Power**  
Shapes ideologies and belief system that reinforce existing inequalities

## ETHICAL CONSIDERATIONS

The research followed a strict protocol for ethical compliance. Informed consent was obtained from all participants, and interviews were conducted in local languages. Participants' identities were anonymized, and data was securely stored. Special attention was given to gender and caste/ethnic diversity in sampling to ensure authenticity and avoid tokenistic representation.

## LIMITATIONS

The scope of this study is limited to developments and field data up to December 2024. While some provincial dynamics were captured, most interviews and analysis were concentrated at the local levels. As with all qualitative research, the findings are context-dependent and should be understood within the political and time-related conditions that were present during the study.

# FEDERALISM: THE NEED AND ITS RELEVANCE

## QUESTIONING THE NEED FOR FEDERALISM

Now in its eighth year, Nepal's maturing federalism is prompting questions related to the ongoing need and relevance of federalism. One prominent Nepali commentator wrote in a national newspaper that the provincial structure was a mistake and could have been done away with. Further, he argued that there was neither need nor relevance of federalism with provinces in Nepal, and no logical ground to create such structures then or now.<sup>7</sup> A number of Nepali citizens, including a few political parties, propagate and believe in his argument. However, to understand the relevance of federalism, one must revisit the historical context in which it emerged and examine how the 2015 Constitution envisioned it.

## THE CENTER COULD NOT HOLD: HISTORICAL DRIVERS OF FEDERALISM

For a long time, Nepali nationalism was defined by this popular slogan: “One nation, one language [Nepali], one King, one dress [Daura-Suruwal], and one religion [Hinduism].” This narrow identity was further institutionalized by the Panchayat system of governance, which centralized power under the monarchy and suppressed ethnic, linguistic, and regional diversity.<sup>8</sup> Krishna Bhattachan noted that this version of nationalism completely overlooked the existence of Nepal's multiple nationalities and their expressions of ethnonationalism, which were rooted in distinct languages, religions, and cultures.<sup>9</sup> David Gellner wrote that it was built on an outdated, empire-era hierarchical perspective that viewed minority languages as backward and in need of eradication.<sup>10</sup>



This imposition of religious, cultural, linguistic, and political uniformity was built on patriarchal norms and caste- and gender-based social hierarchies that were deeply embedded in Nepal's institutions. These hierarchies shaped national policies, development priorities, and governance structures in ways that privileged certain caste, gender, and language groups while excluding others. As a result, Nepalese politics remained structurally unequal and exclusionary until at least 2007.

The Panchayat system's administrative structure further reinforced this exclusion. The country was initially divided into 35 districts, a number which later expanded to 75 districts and 14 zones. These units had minimal governance functions and were mostly used by government departments for administrative convenience.<sup>11</sup> In 1972, the state introduced a regional development approach, dividing the country into four development regions; a fifth was added in 1982. These regions, stretching from north to south, served primarily as symbolic subnational layers with limited administrative authority, further reinforcing the centralized control of Kathmandu and neglecting local needs and identities.

Nepali scholar Harka Gurung, writing in 2006, highlighted how this system produced “pronounced spatial disparity and social exclusion,” leading to low levels of human development.<sup>12</sup> He emphasized the need to address horizontal (regional) and vertical (social) inequalities through a strategy of social inclusion. For Gurung, multicultural democracy and inclusion—instead of uniformity—should be the foundation of nation-building. He proposed measures such as declaring Nepal a secular state to end caste-based discrimination, recognizing Madhesi and Janajati languages to counter linguistic exclusion, and implementing proportional representation and ethnic autonomy to improve political participation of marginalized communities.<sup>13</sup> These observations highlighted the need for structural reform before Nepal formally entered into federal discourse through its 2007 Interim Constitution.

## FEDERALISM AS A RESPONSE TO CONFLICT

The discourse around inclusion, social justice, and addressing regional disparities had emerged before 2007, even though federalism was not yet a mainstream political demand. The root causes of Nepal's civil conflict are complex, but group-based inequality and regional deprivation were key structural causes. The combination of poor governance, widespread corruption, and continued underdevelopment further fueled discontent. These frustrations culminated in a decade-long Maoist conflict and the Madhesh uprisings, both of which demanded recognition of ethnic and cultural identities alongside equitable political representation.<sup>14</sup>

In this context, the move toward federalism can be understood as a response to these deep structural grievances. As political scientist Donald L. Horowitz argues, federalism can help reduce conflict in divided societies by offering democratic means for power-sharing. Similarly, Soeren Keil views federalism as an effective tool for conflict resolution in countries facing violence among territorially concentrated groups. In his study, Keil highlights Nepal, along with Bosnia, Nigeria, and Iraq, as an example where federal arrangements have been used to promote inclusion and peace through shared governance structures.<sup>15</sup>



*Bandipur village in Nepal. Credit: Thomas Dutour.*

# CONSTITUTIONAL FOUNDATIONS FOR INCLUSIVE FEDERALISM AND DECENTRALIZATION

## LEGAL GUARANTEES

In its preamble, Nepal's 2015 Constitution aims to “build an egalitarian society based on the proportional inclusive and participatory principles in order to ensure economic equality, prosperity and social justice” to all citizens. Articles 38 (4), 40 (1), and 42 (1) guarantee the proportional inclusion of women, Dalit, Indigenous people and nationalities, Madhesi, Tharu, Muslims, backward classes, minorities, other marginalized communities, persons with disabilities, gender and sexual minorities and citizens of backward regions in all state bodies. Article 50 (1) outlines the political objectives of establishing a welfare state and consolidating federal democratic republicanism through cooperative federalism, local autonomy, and decentralization. It aims to establish a just system based on the rule of law and upholding the values and norms of fundamental human rights, gender equality, proportional inclusion, participation, and social justice while at the same time protecting the life, property, equality, and freedom of citizens together with the sovereignty, territorial integrity, and independence of Nepal.

Under Section 17 of the Local Level Election Act, 2017, political parties are mandated to ensure that 50% of those nominated for the posts of mayor, deputy mayor, chair, deputy chair, or chief and deputy chief of District Coordination Committee are women.

Section 28 of the House of Representatives Election Act requires political parties participating in elections to submit a closed list for the proportional representation category. At least 50% of the candidates on this list must be women. In addition, the list must reflect the principle of proportional and inclusive representation, including Dalits, Janajatis, Khas-Arya, Tharu, Muslims, persons with disabilities, and individuals from backward regions.

## COMMITMENT TO DECENTRALIZATION

The 2015 Constitution of Nepal and its framework lay a strong foundation for decentralization. Decentralization is recognized as the core pillar of federal governance. Governance operates on a three-tiered federal structure comprising federal, provincial, and local levels. Local levels are granted jurisdiction as the lower-tier government that is responsible for carrying out local development and delivering services. Article 56 and Schedule 8 outline exclusive powers for local governments, while Schedule 9 provides for concurrent powers. These powers include managing local administrative and development functions, enacting local laws, collecting taxes, and providing essential services like basic healthcare and education. These provisions, with their objectives of bringing governance closer to the people and promoting local accountability, inclusion, and development, represent a decisive break from the previous centralized governance model.

### Three-Tier Government Structure



## LEGAL INSTRUMENTS TO SUPPORT DEVOLUTION

The decentralization process is legally founded on a range of enabling laws and acts. The most prominent among them is the Local Government Operations Act (2017). It is a legal framework for the operation and functions of local governments that aligns with the constitutional framework of decentralization. It provides extensive autonomy to municipalities and rural municipalities in areas such as local lawmaking, local judicial functions, education, health, agriculture, local infrastructure, and taxation. Similarly, the Intergovernmental Fiscal Arrangement Act (2017) ensures financial decentralization by establishing revenue-sharing mechanisms and grants, allowing subnational governments to plan and implement development priorities based on local needs.

## COORDINATION, COOPERATION, AND COEXISTENCE

The Constitution of Nepal envisions coordination and cooperation among three spheres of government. Article 235 states that the Federal Parliament shall make necessary laws in order to maintain coordination between the federation, provinces, and local levels. Likewise, Article 232 clearly states that relations between the federal, provincial, and local levels shall be based on the principles of cooperation, coexistence, and coordination.

To support this, several mechanisms have been established the following councils:

- The National Coordination Council coordinates law and resolves disputes across tiers
- The Provincial Coordination Council facilitates collaboration between provinces and local levels
- The Intergovernmental Fiscal Council addresses fiscal matters

The Federation, Province, and Local Level (Coordination and Interrelation) Act, 2020 further outlines the framework for intergovernmental relations.



Lalitpur, Nepal. Credit: Volker Meyer

# STRUGGLING PROVINCES: QUESTIONS ON FEDERALISM

With the promulgation of the 2015 Constitution, Nepal embraced a decentralized federal model and established provincial governments for the first time. These provincial governments were envisioned as the backbone of the federal system, meant to function as autonomous and empowered entities. However, the reality of their operation tells a different story. In practice, provincial governments have emerged as the weakest tier within the federal structure, struggling to assert their roles and responsibilities as outlined in the constitution.



Several interrelated factors contribute to this weakness. Key among them is the federal government's reluctance to enact necessary legislation to operationalize provincial authority. Without these enabling laws, provinces remain institutionally underdeveloped and functionally constrained. Although constitutionally autonomous, provinces have yet to enjoy the full scope of their jurisdiction due to federal overreach in lawmaking and national decision-making.

The structural positioning of provinces further complicates their situation. Sandwiched between a dominant federal government and increasingly capable local governments, provincial governments find themselves squeezed. While the federal government retains overarching control and decision-making power, local governments actively implement development programs and deliver services directly to citizens. This dynamic has left provincial governments with a limited and often unclear functional space.

There is resentment among the public about provincial governments. Such viewpoints were frequently expressed by a diverse background of respondents during the field work, dubbing them costly, ineffective, and irrelevant. A government official shared that provinces have been reduced to institutions that merely distribute minor funds to local governments. A local government chairperson from Lumbini Province remarked that provinces must either be empowered or dissolved.

Among senior politicians, opinions are mixed. A senior leader suggested that dissatisfaction lies not with federalism itself but with the failure of governance and leadership. In his view, the constitution's vision has been overshadowed by continuous political maneuvering, preventing meaningful attention to good governance.

“

*“Provinces have become victims of the apathy the people have about the central leadership. We wrote a federal constitution but never worked on how to strengthen our federal structure,” he stated. The domination of national political parties has deprived provincial leadership of agency and purpose. The senior leader further states that “everything is controlled from Kathmandu. The makeup of governments and politics in the provinces is no different from that at the federal level.”*

There is also acknowledgment that Nepal's federal model was born out of political compromise. In 2007, various movements, including those in Madhesh, lacked a unified vision of federalism. Maoists introduced the idea of ethnic federalism late in the civil war, largely to appeal to ethnic constituencies. As one senior leader admitted, "Federalism in Nepal is the byproduct of street protests. Political parties never shared a common understanding of provinces and federalism."

Despite these contradictions, there is consensus among leaders that federalism must be given a chance to evolve. A top leader observed, "Things have not happened as envisaged, but it is too early to conclude that federalism has failed. It needs time to mature and become functional."

However, there is widespread recognition that both federal and provincial governments have failed to meet expectations. One political leader called for a comprehensive review of the past nine years to identify flaws and areas for reform. He noted that while approximately 40% female representation in local governments is an unprecedented achievement, new systems have reproduced old hierarchies and still leave ordinary citizens excluded.

Yet inclusion remains limited at provincial and federal levels. A senior leader argued that mandates for inclusion must be legislated to replicate the local level's success in higher tiers of governance. "We need to ensure inclusion in provinces and federal structures like we have in local levels where women's representation is higher," he said.

Amid skepticism, voices to defend federalism prevail. One KII respondent said, "We have made a bogey out of the seven provinces while never giving them powers. We have not allowed provinces to become functional in the first place." This sentiment captures the core challenge: Nepal's provinces are struggling not because federalism is inherently flawed, but because they have never been allowed the space to function as envisioned.



*This sentiment captures the core challenge: Nepal's provinces are struggling not because federalism is inherently flawed, but because they have never been allowed the space to function as envisioned.*

*Left: Boudhanath Stupa and prayer flags in Kathmandu, Nepal.*

# INCLUSION AND REPRESENTATION: TOKENISTIC OR MEANINGFUL?

In response to deeply rooted patriarchal norms and a rigid caste system that have long sustained social division and exclusion, Nepal's shift to federalism aimed to build a more inclusive democracy. A key feature of this restructuring was the adoption of a mixed electoral system to ensure proportional representation of marginalized communities, alongside constitutional and legal provisions guaranteeing their inclusion and representation. While the Local Level Election Act (2017) requires political parties to ensure that 50% of candidates for mayor, deputy mayor, chair, and vice chair are women, their representation is still below 50%. In the 2022 local elections, the Nepali Congress and Maoist Center formed an alliance and exploited a legal loophole: If a party fields only one candidate, the 50% rule does not apply. This enabled more male candidates to get elected.



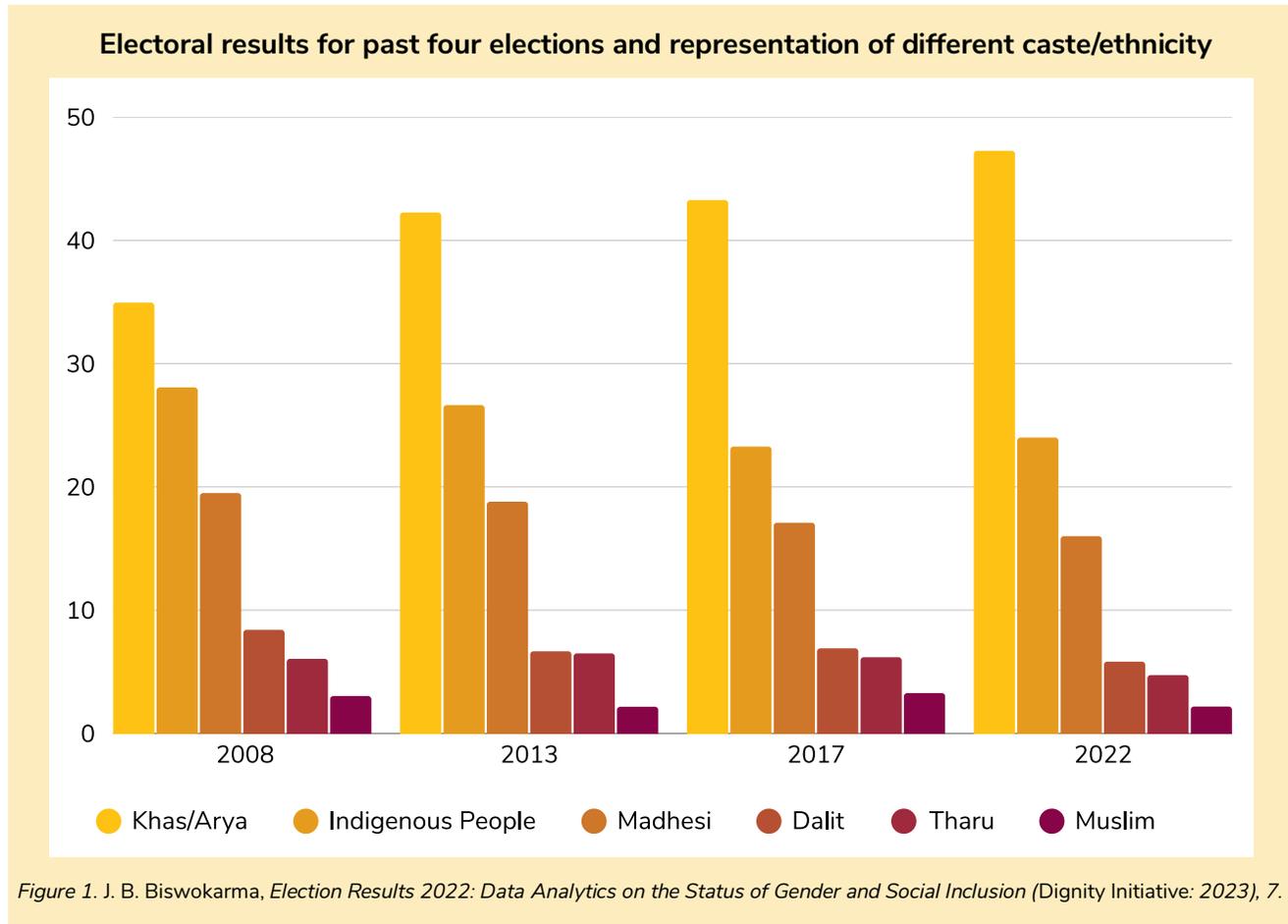
At the federal and provincial levels, women's representation is mandated at 33%. Also, either the speaker or deputy speaker must be a woman. As a result, all deputy speakers in provincial assemblies are women. The same applies in the House of Representatives and in the National Assembly. Nepal has seen only one woman speaker in the House of Representatives.

It was recognized as early as 2017 that, although the post-federal era brought clear improvements in women's formal political participation and representation, these gains have not translated into real influence over decision-making. Established male political leaders continue to dominate key policy negotiations. Political representation remains largely controlled by male-dominated parties, where candidates are often selected based on their proximity to powerful party leaders.<sup>16</sup>

Such dominance continues to overshadow the constitutional guarantees of proportional and inclusive representation. The data presented below highlights the current trend of representation across three tiers of government on how promises of the constitution are still far from being realized.<sup>17</sup>

## TRENDS IN CASTE AND ETHNIC GROUP REPRESENTATION IN NEPAL'S POST-CONFLICT NATIONAL ELECTIONS

Figure 1 illustrates how representation for various caste and ethnic groups in Nepal has shifted across four national elections held after the 2006 Comprehensive Peace Agreement.



Khas-Arya consistently increased their share of representation over time. Starting at 34.95% in the 2008 CA election, their share rose to 42.26% in 2013, climbed further to 43.27% in 2017, and reached 47.27% in the 2022 election, marking a steady gain across each election cycle.

Indigenous peoples began with 28.07% representation in 2008, which gradually declined to 23.63% in 2013, slightly dropped to 23.27% in 2017, and remained nearly flat at 24% in 2022. Overall, they experienced a moderate decline.

Madhesis held 19.5% representation in 2008, which remained fairly stable at 18.8% in 2013. However, their share dropped to 17.09% in 2017 and further declined to 16% by 2022, reflecting a gradual downward trend.

Dalits saw modest changes over the years. Their representation decreased from 8.4% in 2008 to 6.66% in 2013, rose to 6.9% in 2017, and then declined to 5.82% in 2022. This indicates an overall loss in recent elections.

Tharus held 6.05% representation in 2008, which rose slightly to 6.49% in 2013. Their share declined to 6.18% in 2017 and fell further to 4.73% in 2022, marking an overall downward trend.

Muslims had 3.03% representation in 2008, which dipped to 2.16% in 2013, slightly increased to 3.27% in 2017, but dropped again to 2.18% in 2022. Their overall representation remained low and fluctuated slightly over time.

As figure 1 shows, the proportional representation (PR) system introduced in the 2008 CA election led to increased representation for historically excluded and marginalized groups of women, Dalits, Indigenous peoples, Madhesi, Muslim, Tharus, and other marginalized groups. However, despite constituting approximately 28% of the population, hill-origin Chhetris and Brahmins (major Khas-Arya groups) continue to dominate within historically powerful Khas-Arya communities.<sup>18</sup> This sustained domination is maintained through the first-past-the-post (FPTP) electoral system. In the first constituent assembly election, 240 seats were filled through FPTP, 335 seats through PR, and 26 seats were nominated by the Council of Ministers. However, the 2015 election brought about a reform in seat allocation: 165 seats (60%) were filled from FPTP and 110 seats (40%) from PR. This change has further exacerbated the decrease in representation of marginalized groups.

This mixed electoral approach has facilitated greater participation of Dalit, women, and other marginalized groups to a certain degree. However, as illustrated in table 1, the representation of targeted marginalized groups is underwhelming.

**Table 1: Representation of different gender and caste/ethnic groups in the House of Representatives (HoR) through first past the post (FPTP) and proportional representation (PR)**

Caste/Ethnicity	FPTP		Total (Percent)	PR		Total (Percent)	Total		Total (Percent)
	Men	Women		Men	Women		Men	Women	
Khas Arya	91	4	95 (57.58)	8	27	35 (31.82)	99	31	130 (47.27)
Indigenous People	33	2	35 (21.21)	5	26	31 (28.18)	38	28	66 (24.00)
Madhesi	25	2	27 (16.36)	4	13	17 (15.45)	29	15	44 (16.00)
Dalit	1		1 (0.61)	7	8	15 (13.64)	8	8	16 (5.82)
Tharu	6	1	7 (4.24)	1	5	6 (5.45)	7	6	13 (4.73)
Muslim				3	3	6 (5.45)	3	3	6 (2.18)
<b>Total</b>	<b>156</b>	<b>9</b>		<b>28</b>	<b>82</b>		<b>184</b>	<b>91</b>	<b>275</b>
Percentage	94.55	5.45	165 (100.00)	25.45	74.55	110 (100.00)	66.91	33.09	100.00

Source: J. B. Biswokarma, *Election Results 2022: Data Analytics on the Status of Gender and Social Inclusion* (Dignity Initiative: 2023), 7.

The Khas-Arya, who make up 31.25% of Nepal's population, hold 47.27% of the seats in the House of Representatives following the 2022 elections. This includes 57.58% of seats filled through FPTP and 31.8% through PR. In contrast, the Dalit community, despite constituting approximately 14% of the population, occupies only 5.82% of seats, with one representative elected through FPTP and 15 through PR. The Tharu community, which represents 6.56% of the population, holds 4.73% of the seats in the House of Representatives, with seven elected via FPTP and six through PR.

The representation of women meets 33% mark with a total of 91 women (33.09%). Only 9 women have been elected through FPTP, whereas to meet 33%, 82 were elected through the PR list. Among these women, four are from the Khas-Arya group, two are Indigenous people, two are Madhesi and one is from the Tharu community.

Unlike Nepal's electoral system, which mandates proportional representation through legally binding quotas, the composition of the Council of Ministers is not subject to strict quota-based requirements. Instead, the constitution provides a general guideline that the formation of the Council of Ministers should follow the principle of inclusion.

**Table 2.** Composition of Council of Ministers in federal government, August 2024

Caste/Ethnicity	Male	Female	Total	Percentage
Khas/Arya	12	2	<b>14</b>	63.64
Indigenous	3	-	<b>3</b>	13.64
Madhesi	4	-	<b>4</b>	18.18
Dalit	-	-	-	-
Tharu	1	-	<b>1</b>	4.54
Muslim	-	-	-	-
<b>Total</b>	<b>20</b>	<b>2</b>	<b>22</b>	-
Percentage	90.91	9.09		100.00

Source: Office of the Prime Minister and Council of Ministers, Nepal, August 2024

In table 2, Khas-Arya has the most dominant presence, comprising 63.64%. The Madhesi community holds 18.18% of the ministerial positions, reflecting a considerable but still limited presence. Indigenous people constitute 13.64% of the council.

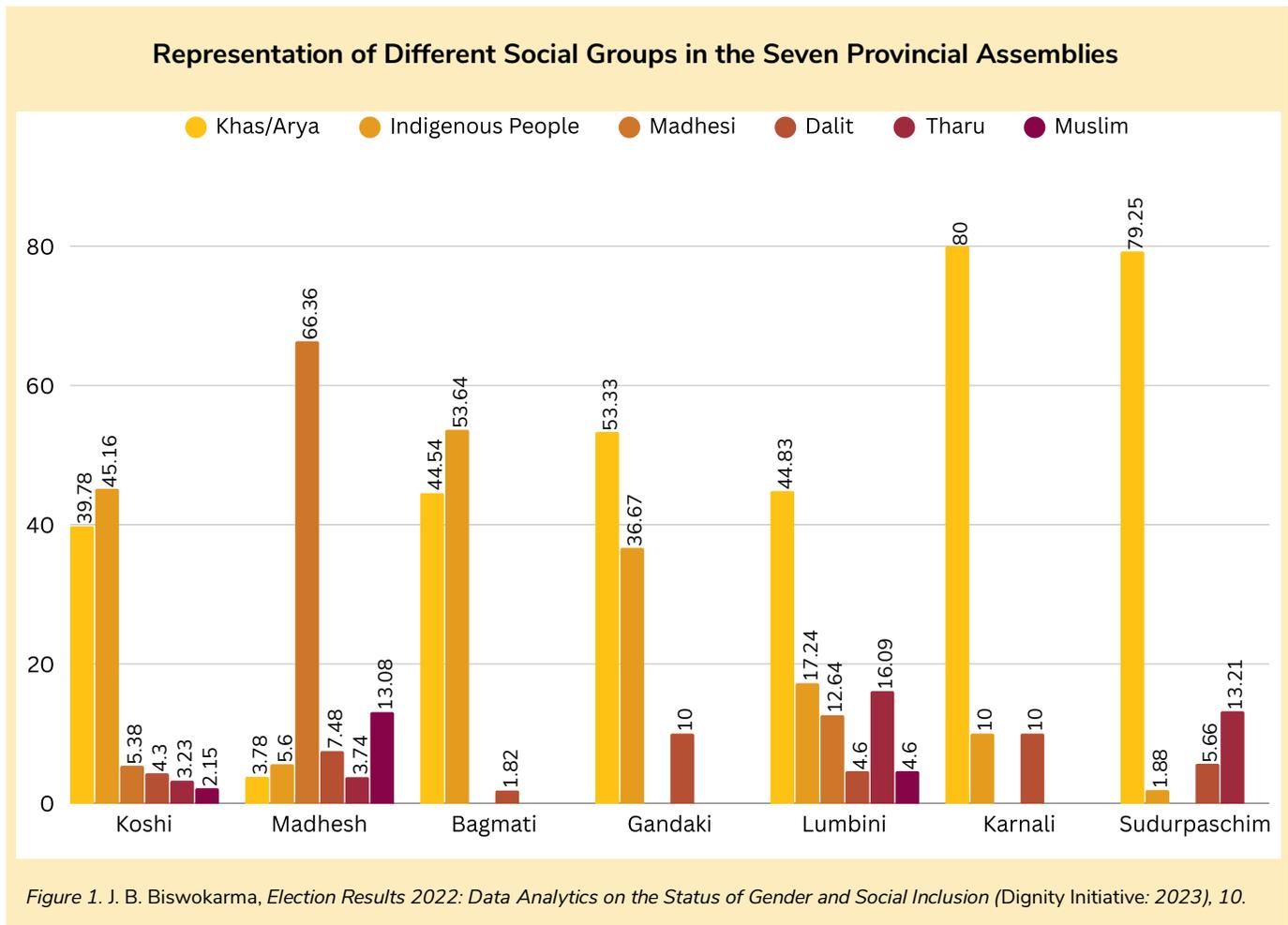
Notably, the absence of Dalit and Muslim representatives in the Council of Ministers highlights a significant gap in the inclusion of these communities. The Tharu community, which makes up 4.54% of the council, has a relatively small presence in the federal government. Only two women are members of the Council of Ministers, and both belong to the Khas-Arya community. Overall, while there has been some progress in incorporating diverse communities into the federal parliaments, the composition of the Council of Ministers indicates persistent imbalances.

The formation of the Council of Ministers in Nepal is significantly influenced by the presence of multiple political parties, pre-election coalitions, and the absence of a clear majority by any single party. In this context, political negotiations, coalition dynamics, and party interests become the primary determinants of cabinet composition. As a result, the meaningful representation of historically marginalized groups is often sidelined.

Although women, Dalits, Indigenous peoples, and Madhesis are occasionally included in the cabinet, their appointments tend to be tokenistic and aimed more at deflecting criticism and securing political legitimacy than ensuring genuine inclusion. Consequently, the Council of Ministers frequently falls short of reflecting the diversity and proportional representation that Nepal's electoral system mandates.

## COMPOSITION OF SOCIAL GROUPS IN PROVINCIAL ASSEMBLIES FROM THE 2022 ELECTIONS

Despite shifts in representation, figure 2 shows that the Dalit, Tharu, and Muslim communities face underrepresentation across the provinces.



Data from the 2022 election (see figure 2) shows that the Khas-Arya group dominates four provincial assemblies: Karnali (80%), Sudurpaschim (79.25%), Gandaki (53.33%), and Lumbini (44.83%). In Koshi, Indigenous people hold a higher representation (45.16%) in the provincial assembly compared to Khas-Aryas (39.78%). Similarly, in Bagmati, Indigenous representation stands at 53.4%, while Khas-Aryas account for 44.54%. Madhesi dominate the provincial assembly seats in Madhesh, holding 66.36% of the total.

Figure 2 shows that Madhesh Province leads with the highest number of elected Dalit representatives, totaling 8. Gandaki follows with 6 Dalit members, while Koshi, Lumbini, and Karnali each have 4. Sudurpaschim and Bagmati provinces have the lowest Dalit representation, with 3 and 2 members, respectively.

Table 3 shows that in 2022, a total of 31 Dalit representatives were elected to the provincial assemblies across seven provinces, comprising 6 men and 25 women. Of these, 3 were elected through FPTP and 28 through PR.

**Table 3: Representation of various caste/ethnicity in seven provincial assemblies**

Caste/Ethnicity	FPTP		Total	PR		Total	Total		Total	Percentage
	Men	Women		Men	Women		Men	Women		
Khas Arya	155	5	160	13	62	75	168	67	235	42.73
Indigenous	75	6	81	9	59	68	84	65	149	27.09
Madhesi	55	2	57	6	24	30	61	26	87	15.82
Dalit	2	1	3	4	24	28	6	25	31	5.64
Tharu	18		18	1	9	10	19	9	28	5.09
Muslim	11		11	1	8	9	12	8	20	3.64
<b>Total</b>	<b>316</b>	<b>14</b>	<b>330</b>	<b>34</b>	<b>186</b>	<b>220</b>	<b>350</b>	<b>200</b>	<b>550</b>	
Percentage	95.76	4.24	100.00	15.45	84.55	100.00	63.64	36.36	100.00	100.00

Source: J. B. Biswokarma, *Election Results 2022: Data Analytics on the Status of Gender and Social Inclusion* (Dignity Initiative: 2023), 9.

Table 3 shows that in Nepal's seven provincial assemblies, a total of 550 candidates were elected, with 330 through the FPTP system and 220 through the PR system. The distribution of these seats among various castes and ethnicities reveals distinct patterns of representation.

Holding the largest share, the Khas-Arya group makes up 42.73% of elected members. Indigenous communities are represented by 27.09% of the members, while Madhesi representatives constitute 15.82%. Dalits hold 5.64% of the seats, followed by Tharu representatives at 5.09%. Muslims represent 3.64% of the elected members.

Overall, while there is some diversity in the representation across different castes and ethnicities, the data indicates a dominance of Khas-Arya and a comparatively lower representation of Dalit, Tharu, and Muslim communities. Notably, representation of women in provincial assemblies via PR system is considerably high to ensure 33% representation of in provincial assemblies. This distribution shows that more work has to be done to guarantee more equitable and balanced representation in the provincial assemblies, one that accurately represents Nepal's diverse population.

Table 4 shows the composition of the Council of Ministers from Koshi Province.

**Table 4: Council of Ministers in Koshi Province**

Caste/Ethnicity	Male	Female	Total	Percentage
Khas/Arya	5	-	<b>5</b>	50
Indigenous	3	1	<b>4</b>	40
Madhesi	-	-	-	-
Dalit	-	-	-	-
Tharu	-	1	<b>1</b>	10
Muslim	-	-	-	-
<b>Total</b>	<b>8</b>	<b>2</b>	<b>10</b>	<b>100</b>
Percentage	80	20		

Source: The official portal of the Government of Koshi Province, August 2024.

In Koshi, Indigenous Kiranti caste groups forming the majority of the population and the Khas-Arya major caste group, composed primarily of Chettri and Brahmin castes, account for 25% of the population. Despite the fact that Khas-Arya representation in the Koshi provincial assembly is lower than that of Indigenous people, Khas-Arya individuals hold 50% of ministerial positions, compared to 40% of Indigenous groups. There are two women in the cabinet. The Tharu community, while less represented, still holds a notable 10% of ministerial roles. The absence of representatives from the Madhesi, Dalit, and Muslim communities highlights a substantial gap in the province's inclusivity efforts.

## REPRESENTATION AT THE LOCAL LEVEL

Table 5 shows the representation of various caste and ethnic groups in local governments. The figures represent the cumulative total across all key positions, including mayor/chairperson, deputy mayor/vice chairperson, ward chair, and ward members.

In Nepal's 753 local governments, different caste and ethnic groups are represented to varying degrees. Khas-Arya holds the largest share, making up 32.97% of all local representatives, followed by Indigenous people at 26.06%. That the Madhesi community holds 12.25% of the seats is notable, although it is a comparatively smaller share. Dalits represent 21.99%, reflecting significant presence and the impact of efforts to elevate marginalized voices in local governance. In contrast, Tharu communities make up only 4.07%, and Muslims hold just 2.65% of local positions, indicating a more limited role in local political structures.

**Table 5: Overall representation of various caste-ethnicity in the 753 local governments**

Caste/Ethnicity	Male	Female	Total	Percentage
Khas/Arya	8,356	3,215	<b>1,157</b>	32.97
Indigenous	657	2,571	<b>9,148</b>	26.06
Madhesi	3,156	1,145	<b>4,301</b>	12.25
Dalit	865	6,853	<b>7,718</b>	21.99
Tharu	956	473	<b>1,429</b>	4.07
Muslim	722	208	<b>930</b>	2.65
<b>Total</b>	<b>20,632</b>	<b>14,465</b>	<b>35,097</b>	<b>100.00</b>
Percentage	58.79	41.21		

Source: J. B. Biswokarma, Election Results 2022: Data Analytics on the Status of Gender and Social Inclusion (Dignity Initiative: 2023), 12.

Overall, the composition of local governments shows not only a degree of diversity but also reveals clear disparities. While Khas-Arya and Indigenous groups are more prominently represented, Dalit, Tharu, and Muslim communities remain underrepresented. This pattern points to the need for continued efforts to promote equitable inclusion and ensure fair representation of all communities in local governance.

In terms of gender representation, data from the 2017 and 2022 local elections reveal modest but meaningful progress. In 2017, women made up 40.96% of elected local officials. This figure rose slightly to 41.22% in 2022, indicating a gradual movement toward gender parity. The consistent presence of around 40% women in local government reflects the impact of gender quotas and policies designed to promote women's political participation.

However, the relatively small increase over five years underscores the ongoing challenges to achieving full gender equality. While the steady presence of women in local governance is encouraging, it also highlights the structural and societal barriers such as deep-rooted gender norms and limited support systems that continue to hinder more rapid progress.

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**Table 6:** Representation of various caste/ethnicity in local governments

Caste/Ethnicity	Mayor/Chair		Total (Percent)	Deputy Mayor/ Vice Chair		Total (Percent)	Ward Chairs		Total (Percent)
	Men	Women		Men	Women		Men	Women	
Khas Arya	346	15	361 (47.94)	103	247	350 (46.48)	2,968	25	2,993 (44.39)
Indigenous	214	7	221 (29.35)	68	149	217 (28.82)	2,005	26	2,031 (30.12)
Madhesi	118	2	120 (15.94)	7	103	110 (14.61)	1,056	9	1,065 (15.79)
Dalit	8	0	8 (1.06)	2	11	13 (1.73)	145	2	147 (2.18)
Tharu	28	1	29 (3.85)	2	43	45 (5.98)	313	5	318 (4.72)
Muslim	14	0	14 (1.86)	3	15	18 (2.39)	187	2	189 (2.80)
<b>Total</b>	<b>728</b>	<b>25</b>	<b>753</b>	<b>185</b>	<b>568</b>	<b>753</b>	<b>6,674</b>	<b>69</b>	<b>6,743</b>
Percentage	96.68	3.32	100.00	24.57	75.43	100.00	99.01	1.02	100.00

Source: J. B. Biswokarma, *Election Results 2022: Data Analytics on the Status of Gender and Social Inclusion* (Dignity Initiative: 2023), 13.

Table 6 shows that the representation of various caste and ethnic groups in Nepal's local government positions reflects a landscape that is diverse but uneven. In the most influential roles of mayor and chairperson, Khas-Arya dominate with 47.94% representation, followed by Indigenous peoples at 29.35% and Madhesis at 15.94%. In contrast, the presence of Dalits (1.06%), Tharus (3.85%), and Muslims (1.86%) is significantly lower, underscoring ongoing disparities in leadership roles.

In the positions of deputy mayor and vice chairperson, Khas-Arya continue to hold the majority at 46.48%, though slightly reduced. Indigenous peoples represent 28.82%, and Madhesis make up 14.61%. Representation by Dalits rises modestly to 1.73%, while Tharus and Muslims account for 5.98% and 2.39%, respectively.

The pattern continues at the ward chair level, where Khas-Arya constitute 44.39% and Indigenous people slightly increase to 30.12%. Madhesi representation stands at 15.79%, while Dalits (2.18%), Tharus (4.72%), and Muslims (2.80%) maintain lower levels of participation.

A notable trend emerges in the representation of women, especially in the roles of deputy mayor and vice chairperson, where women make up 75.43% of officeholders, compared to 24.57% for men. The gender imbalance stems from legal provisions mandating that political parties, when submitting filings for the top two local government positions, must ensure that 50% of the candidates are women. Often the deputy/vice positions go to women.

A broader review of representation across Nepal's federal, provincial, and local levels highlights persistent patterns. While the introduction of federalism and proportional representation has created new pathways for inclusive governance, challenges remain. Khas-Arya continues to hold a significant share of power, particularly within provincial assemblies, the council of ministers, and local bodies, reinforcing their long-standing sociopolitical dominance. Meanwhile, Indigenous peoples, Madhesis, Dalits, Tharus, and Muslims remain underrepresented to varying degrees, pointing to structural barriers that still hinder full inclusion.

The gradual increase in women's representation from 40.96% in 2017 to 41.22% in 2022 indicates slow but steady progress toward gender inclusivity. However, the overall trends suggest that while Nepal has made important strides toward inclusive governance, continued reforms and targeted efforts are essential to ensure equitable representation for all communities.

# SILVER LINING: PEOPLE ARE LARGELY HAPPY WITH PUBLIC SERVICES

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The introduction of federalism and the creation of 753 local governments have significantly transformed how governance operates at the grassroots level, leading to a range of positive developments in public service delivery. The local governments are empowered by authority and resources to drive a more active and locally-led role in managing essential services. This shift has improved access, responsiveness, and accountability in key areas such as health, education, infrastructure, and local administration.

One of the most encouraging outcomes is that many people express satisfaction with the services provided by their local governments. A key reason for this satisfaction is the proximity and familiarity of local officials including elected representatives and administrative staff who often come from the same communities they serve. This closeness allows residents to raise issues more openly and confidently. A FGD participant in Nepalgunj said, “Things have improved compared to the centralized governance system.” However, the participant also pointed out that access to local leaders still depends on factors such as the leaders’ responsiveness and personal connections within the community.

While some areas report strong relationships between communities and their local representatives where leaders consult with citizens and actively engage them, others experience the opposite. In some places, residents have never even seen their ward chair in person and know them only by name. This uneven level of engagement illustrates that citizen experience with local governance varies widely across municipalities.

Community members also tend to evaluate their elected representatives based on tangible results, particularly in terms of physical development. There is a clear give-and-take dynamic. People expect their leaders to deliver visible improvements, and in return, they offer support and respect. If leaders meet these expectations, they are viewed positively, and if not, they face criticism and disapproval. FGD respondents noted that “the relationship with their elected representatives is transactional.”

This transactional view of leadership, where representatives are seen as “good” or “bad” depending on their responsiveness and delivery, reflects the pragmatic expectations of the electorate. Most people agree that services have generally improved under local governance and that access to those services has become easier. As long as they are able to receive essential services from their ward or municipal offices, they express satisfaction.

Moreover, the way in which federalism has empowered local leaders is also appreciated at the community level. In the words of one FGD participant, “In the centralized system, a ward member or ward chair wouldn’t be motivated to work.” Now, local leaders have authority and resources, which has boosted their motivation and visibility. However, this participant also added a cautionary note:

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*“The governance system is very good. But what to do when the car is good, but the driver is bad?”*

This is a reminder that effective governance ultimately depends not just on institutional design, but on the quality and accountability of those in leadership roles.

# HOW FEDERALISM HAS RESHAPED POWER AND PARTICIPATION FOR MARGINALIZED GROUPS

Nepal's transition to federalism, formalized through the 2015 Constitution, was envisioned as a transformative step toward decentralizing power, promoting inclusion, and addressing long-standing structural inequalities. Drawing on case studies from Koshi, Madhesh, and Sudurpaschim provinces, it is evident that while federalism has created new opportunities for local governance, it has also led to an uneven redistribution of power benefiting some while leaving others behind.<sup>19</sup>



One of the most visible gains from federalism is the empowerment of elected local leaders. Mayors and rural municipality chairpersons have emerged as central figures in governance at the grassroots level, wielding significant administrative authority, financial control, and political influence. Their constitutional tenure and control over resources have positioned them as the new power holders in Nepal's political landscape. Alongside them, local political elites, many of whom are deeply embedded within mainstream political parties, have successfully consolidated power. These individuals often straddle multiple roles as politicians, entrepreneurs, and heads of civil society organizations, enabling them to dominate governance spaces and reinforce patronage networks.

Mainstream political parties have also extended their reach through federalism, often absorbing local identity-based leaders and movements. While this has brought some degree of integration, it has diluted the transformative intent of many ethnic and regional movements. In some areas, marginalized groups such as the Kiranti and Tharu have gained symbolic recognition through cultural initiatives like statues, local festivals, and the use of native languages in official settings, but these gestures rarely translate into deeper political or structural empowerment.

Despite the increased numeric representation of marginalized communities, meaningful inclusion remains elusive. Kiranti, Madhesi, Dalit, and Tharu groups continue to be underrepresented in decision-making roles. In Koshi Province, for instance, the denial of the Kiranti identity in the naming of the province exemplifies how identity-based demands have been sidelined. In Sudurpaschim, the Tharu community's long-standing call for a Tharuhat province was met with resistance from dominant caste groups, leaving them without territorial recognition or meaningful political leverage. Similarly, in Madhesh, while Madhesi representation has improved on paper, actual influence remains uneven.

Women and Dalits, though present in local governments through constitutional quotas, often hold roles that are symbolic in nature. Female representatives, especially deputy mayors and vice chairpersons, are frequently overshadowed by male counterparts and excluded from key decision-making processes. Dalit representatives, too, face systemic discrimination and lack the political backing needed to assert themselves within local structures.

Federalism has also displaced traditional and informal leaders such as the Tharu Bhalmansa and Madhesi Majjans who historically played important roles in dispute resolution and community leadership. These roles have been replaced by judicial committees and formal governance bodies that are often disconnected from local customs and practices. Moreover, civil society and independent media, which once played a vital role in accountability and advocacy, have seen their influence diminish. The rise of powerful local governments has led to a shrinking space for nongovernmental organizations, community-based organizations, and the media, many of which now struggle with co-option by the increased influence of local government.

*The rise of powerful local governments has led to a shrinking space for nongovernmental organizations, community-based organizations, and the media, many of which now struggle with co-option by the increased influence of local government.*



*Youths reading a newspaper in Dhangadhi, Sudurpashchim. Photo credit: International Alert Nepal.*

Labor migration has further complicated this landscape, particularly youth migration for work and studies. High out-migration has resulted in leadership vacuums and reduced youth engagement in local sociopolitical spaces. This absence has paved the way for elite dominance and limited the renewal of local democratic leadership.

Overall, while federalism has improved service delivery and brought governance closer to the people, the redistribution of power remains highly uneven. Political elites and dominant caste groups have consolidated their control, while historically marginalized communities continue to fight for meaningful inclusion. The early promise of federalism as a system to empower the excluded and decentralized authority remains only partially fulfilled. Realizing its full potential will require deeper reforms, genuine power-sharing, and a renewed focus on inclusive, locally grounded governance.

# FEDERALISM UNDER STRAIN: CONTESTATIONS, FAULT LINES, AND EMERGING DISSENT

Nepal's adoption of federalism in 2015 was a response to long-standing grievances rooted in exclusion, identity-based marginalization, and centralized governance. Framed as a pathway to peace, justice, and inclusion, federal restructuring sought to address the historical causes of conflict by devolving power to subnational levels and ensuring meaningful representation of marginalized communities.

A decade after the new constitution, the promises of peace, justice, and inclusion are not fully met. While legal provisions for inclusion and participation exist, the lived experience of many communities—especially Dalits, Janajati, Madhesi, Tharu, and women—suggests that structural inequality persists under new forms. Power often remains concentrated in political elites, public participation is reduced to formality, and provincial structures are increasingly contested.

There are claims and counterclaims, and arguments and counterarguments concerning current federal dispensation in Nepal. Historically marginalized people and communities are in favor of more resourceful and deliberative federal polity with their meaningful representation in state agencies. Skeptics, on the other hand, often air the view that federalism, especially the provinces, has become a white elephant. This section of the study analyzes some of the points of contention and fault lines.

## PERSISTENT GAPS IN INCLUSIVE REPRESENTATION IN NEPAL'S POLITICAL LANDSCAPE

Political leaders and experts interviewed for this study say that senior leaders of the parties stand unwilling to ensure fair representation of women, Dalits, and marginalized communities unless they are compelled to do so by law. One prominent woman leader interviewed for this study revealed that when women leaders raise the issue of fair representation, top leaders tend to bargain with numbers. “Women leaders had actually rooted for 50% representation of women in the National Assembly as far back as in 1990. While the 1990's constitution was being drafted, only 5% was ensured,” she said. She noted it took the male leadership 18 years to realize that the representation of women in state bodies is a worthwhile issue.

Another senior woman leader said, “The trend is that during the times of revolutions when the leaders need the support of women, they commit [to] equality and equal representation, but soon they forget their promise. This is the issue of total dishonesty on the part of the leadership. This is the biggest gap: [a] gap between words and actions.” She admitted that most women in elected positions, from federal to local levels, represent the elite class or are already close to power centers. Those representing the real marginalized section are there for the sake of formality.

Women representatives at local level say that not enough consultations are made with female ward members. Dalit women ward members are often simply made to sign papers prepared by someone at a higher level. A woman participant of a FGD said:

*“The state has ensured a 33% quota in all sectors, but the whole concept of inclusiveness is limited [to being] just on paper. We don't see that inclusiveness and participation coming into effect in practice. Women themselves are trying to grasp the opportunity, but again we are not yet fully able to [seize the opportunity that] the constitution has provided us.”*

Committees at the local levels are made to be inclusive, and documentation is made accordingly because of the legal obligations. One KII respondent said, “Everything is maintained perfectly on paper, but the reality is different.”

There is a realization among senior leaders, too, that while Nepal’s local government system is the biggest success story with women’s representation around 40%, this is still not enough. A senior leader put it in these words:

*“Women’s representation is not enough; we do not have their representation in party structures as much as in parliament. We need to bring in more women and Dalits and other communities into politics. Social discrimination against women exists. We need a social campaign to fight back this issue.”*

Nearly all the leaders and experts reached for research agree that meaningful inclusion and representation have to be ensured in institutions from the federal level down to the local level. “We need to ensure inclusion in provinces and federal structures like we have in local levels,” a top-level political leader told the research team. “The local levels are more inclusive because they are mandated by law. We need similar mandates in provincial and federal executives as well.”

In sum, quantitative and qualitative data on representation show that there is notable progress, but at the same time, substantial work remains to be done to achieve more rapid and transformative changes. While Nepal has made significant strides in promoting inclusivity and proportional representation, the journey toward a fully equitable political landscape continues.

## **PARTY LOYALTY OVER PEOPLE’S MANDATE: CONTESTING THE SOURCE OF POWER IN FEDERAL NEPAL**

Nepal’s federal constitution firmly establishes the people as the ultimate source of power. Article 2 unequivocally states that “the sovereignty and State power of Nepal shall be vested in the Nepali people.” In principle, this affirms that all tiers of government—federal, provincial, and local—derive their legitimacy from the public. However, this constitutional ideal is often at odds with political reality on the ground.

In practice, many elected representatives, especially at the local level, do not see the people as their primary source of authority. Instead, their allegiance lies with the political parties that backed their rise to office. One woman leader explained the depth of this alignment: “Our alignment with political parties is so deep-rooted that we forget our orientation as women, religion, or community. We duly follow the orders of the party we are aligned to and forget the mandate for which we have been voted to power in the first place.”

This overdependence on party loyalty creates a structural disincentive for representatives to act independently or advocate for their constituencies, especially marginalized ones. It also dilutes the principle of participatory governance by shifting accountability upward to party elites rather than downward to the people. As a result, public officeholders often prioritize the interests of their political patrons over the communities they were elected to serve.

A further layer of concern emerges when it comes to the representation of ethnic minorities. While inclusion appears to be improving on the surface with more members of ethnic communities holding political and bureaucratic positions, this visibility often comes at the cost of genuine advocacy. There is a prevailing belief that once ethnic activists are co-opted into party hierarchies, they are discouraged from voicing the concerns of their communities. The very power that should enable representation becomes a tool for silencing dissent.

A woman social activist reflected in a FGD that:

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*“when an ethnic activist who is vocal about the identity and rights of Indigenous people rises as a public figure, major political parties often invite them to join and offer positions within the party leadership. However, once inside the party structure, the activist is expected to follow party directives, which gradually diminish their independent activism and weaken their advocacy for community rights.”*

Political parties have thus come to dominate the power landscape, overshadowing both the electorate and the bureaucratic institutions meant to support democratic functioning. A participant in a FGD described the informal power hierarchy succinctly:



*“The most privileged are those who are ruling the government at the local level. The second privileged group are their relatives and people working around them. The most disadvantaged are those who were far away in the previous unitary governance system and are still far away.”*

This statement underscores the persistence of exclusion despite the formal shift to federalism. While the structure of governance has changed, access to power remains restricted, often monopolized by those who were already privileged under the old system or who have aligned themselves with party leadership. Those historically marginalized continue to find themselves at the periphery, despite the promises of inclusion and empowerment that federalism was meant to fulfill.

Ultimately, the disjunction between the constitutional principle of people-centered sovereignty and the reality of party-dominated politics raises important questions about the future of democratic accountability in Nepal. Unless political culture shifts toward genuine public accountability and inclusive representation, the promise of federalism risks becoming yet another unfulfilled aspiration.

## PAPER PARTICIPATION: THE GAP BETWEEN POLICY AND PRACTICE IN LOCAL GOVERNANCE

Public participation in decision-making is a key principle enshrined in the Local Government Operation Act, 2017, introduced following the promulgation of the constitution in 2015. The act aims to ensure transparency and accountability in local governance by mandating inclusive and participatory decision-making, particularly during annual planning and budgeting with municipal constituency including marginalized communities, minorities, and ethnic and tribal groups. However, field data reveal that public participation remains largely a formality, well-documented on paper but rarely practiced in reality.

FGDs and KIs conducted for this study highlighted widespread disillusionment with the consultation process. One respondent remarked, “Things are settled only on papers. It does not materialize on the ground.” Another echoed a similar sentiment: “The consultation local government process for annual planning is intact on paper but lacks meaningful participation.” A further concern was the absence of monitoring and evaluation mechanisms. “To be honest, we don’t think any program has reached the lower strata of our society,” said one respondent, who also noted that the problem is not just the lack of accountability by elected officials, but also the public’s failure to demand it. “We only pay attention to political parties’ plans and promises during elections. Once elections are over, we go silent. We neither speak out nor question the government.”

*“We only pay attention to political parties’ plans and promises during elections. Once elections are over, we go silent. We neither speak out nor question the government.”*

Despite frustrations, there remains a strong public demand for meaningful engagement. “Municipalities must consult with citizens and hear their voices,” said a respondent. Decisions, especially on infrastructure such as road expansions, drainage, and bridge construction, should be taken with public input. However, participants reported being ignored by ward offices and even faced demands for bribes at the police station when seeking help. Youths in particular feel excluded. One young respondent said, “During annual planning and budgeting, municipalities invite only those organizations who can bring their relatives. They don’t hold meetings at the settlement level, and if they do, it’s just a formality.” Another added, “There’s no real discussion in ward meetings. Plans are predecided and merely presented without seeking inputs which eventually passed by the municipal council.”



These concerns are not unknown to local government officials. In an interview, bureaucrats of a rural municipality admitted that there are challenges in ensuring participation and inclusion. Another ward-level official noted that “we attempt to form inclusive committees, [but] the process often falls short of genuine participatory practice.”

Participation by women, Dalits, and other marginalized groups in local decision-making appears well-crafted in design but weak in implementation. Part of the problem lies in bureaucratic resistance, often justified by procedural complexity. On the other hand, many citizens have resigned themselves to a belief in *esati ho* (this is how it is), reinforcing a cycle of disengagement.

According to A Survey of Nepali People in 2022, only 12.1% of respondents reported participating in local planning or budget-related activities, with fewer women participating compared to men.<sup>20</sup> FGD participants repeatedly pointed to the lack of public awareness and education as major barriers to meaningful participation. One participant reflected that “education, awareness, and social condition are the real indicators of development; however, this issue is mostly ignored.” Others criticized political leaders for treating citizens’ concerns as election issues, only to neglect them after assuming office. As one participant remarked, “Earlier we had one king. Now we have many kings ruling over us.”

## TOKENISM IN LOCAL LAW AND POLICY MAKING: A DISCONNECT BETWEEN PROCEDURE AND PRACTICE

Legally, when a municipality or rural municipality formulates laws, policies, budgets, or working procedures, the executive is required to propose drafts to the assembly. These drafts are to be deliberated, amended, or approved following discussions that include all stakeholders—especially women and underrepresented communities. Each local government is also mandated to establish a drafting committee to initiate this process.

However, field findings reveal that this process is largely performative. In practice, the participatory and inclusive frameworks envisioned by law are seldom implemented meaningfully. Instead, municipalities often rely on premade templates prepared by the Ministry of Federal Affairs and General Administration, and the Municipal Association of Nepal. Local officials are simply filling in these templates, bypassing the intended deliberation procedures. A local government bureaucrat confirmed that “ninety percent of policies and laws are formulated this way. There is no elaborate discussion in the municipal assembly.” He added bluntly, “Participatory and inclusive processes are followed only for the sake of formality. There is no such thing as real participation or inclusion.”

This sentiment was echoed by others. A female ward member observed that discussions around laws and policies are often confined to ward chairpersons, with little to no space for Dalits or women to be heard. Yet elected representatives continue to claim adherence to legal processes. One rural municipality chairperson explained in a KII that officials draft the laws, and thematic committees hold consultations with experts to ensure legal consistency. “We consider both practical and legal aspects before finalizing the laws, which are then passed by the executive,” he said. Still, he acknowledged the absence of in-depth discussions in the municipal council.

Another respondent was even more straight, stating that genuine discussion is virtually nonexistent. He remarked, “There is no discussion about policy issues. Nothing is actually discussed. The mayor and the chief administrative officer make all the decisions.” A bureaucrat reinforced this, saying, “Each clause and issue should be deliberated in executive meetings, but that never happens. Decisions are made through consensus, not through debate. Consensus is important for implementation, which is why we bypass discussions.”

This performative nature of policymaking is mirrored in the planning processes for development activities. Bureaucrats admitted to skipping several procedural steps. In the process, voices of Dalits and women are often ignored. One key informant remarked, “When we raise issues concerning Dalits, ward chairs may listen, but at the municipal level, our concerns are dismissed.”

When asked why participation remains weak, local representatives often blame the community, saying most people are uneducated and do not actively engage in meetings. A rural municipality chairperson admitted that:

*“the planning process is not participatory or inclusive. Even if we hold settlement or ward-level meetings, they don’t yield much because people don’t contribute meaningfully. We complete the paperwork just for formality.”*

The reality is that decisions are made by the municipal or rural municipal executives while other members are merely asked to sign off. As one key informant put it, “Usually, the village executive finalizes the issues, and everyone else just signs the paper.”

## RECENTRALIZATION AT THE LOCAL LEVEL: THE PARADOX OF FEDERAL DECENTRALIZATION

Although Nepal’s federal constitution envisions a system where power is decentralized from the center to provinces and local governments, public perception and ground realities suggest otherwise. While decentralization may appear functional both on paper and in principle, in practice it often operates in reverse. There is growing concerns that power is either being recentralized by political elites or consolidated at the local level by a few dominant actors.

Instead of empowering a broader base of actors, the federal system has, in some cases, merely shifted centralized control from the national to the local level. There are increasing attempts by central leadership to maintain influence over local affairs, either through direct intervention or via loyal intermediaries embedded within subnational institutions. These patterns reinforce long-standing hierarchies rather than dismantle them.

At the bureaucratic level, local officials remain highly dependent on higher authorities within the municipal structure. A ward-level bureaucrat cannot execute basic administrative functions without the approval of municipal officials. As one key informant respondent vividly put it, “The ward secretary has to travel to the municipality office, compiling all sorts of bills just to get approval. I don’t think power decentralization has come into effect as envisaged by the federal system. Power has been indeed decentralized from the center, but [it] is now recentralized in the hands of a few authorities at the local government.”

This perceived recentralization is not just about structural limitations but also about the behavior and practices of those in power. The same respondent noted that local power holders, such as mayors, often control resources unilaterally. Projects valued between NPR Rs100,000 to 200,000 are frequently allocated without consultation or transparency. Local executives, particularly mayors, their deputies, and the administrative officer, are often reported to act in collusion, bypassing participatory mechanisms and decision-making bodies.

At the local level, the mayor or rural municipality chairperson typically exercises sweeping authority, particularly in matters related to resource mobilization and project selection.

*Local executives, particularly mayors, their deputies, and the administrative officer, are often reported to act in collusion, bypassing participatory mechanisms and decision-making bodies.*

This concentration of power is further reinforced by their strategic alignment with the chief administrative officer, who is expected to support and execute the decisions made by the mayor or chairperson. If the chief administrative officer fails to maintain a favorable relationship with these political figures, they risk being sidelined or transferred, an implicit threat that reinforces hierarchical control. This dependency gives mayors significant leverage and opens space for potential misuse or abuse of authorities, undermining the federal promise of inclusive and accountable governance.

In effect, the federal promise of decentralization risks becoming a false appearance when power is simply relocated rather than restructured. The very actors meant to uphold inclusive, participatory governance at the local level are often the ones capturing and concentrating power, replicating the same exclusionary patterns the federal transition sought to dismantle.

## **YOUTH FRUSTRATION, IDENTITY POLITICS, AND DIVERGING GRIEVANCES: LOCAL PERCEPTIONS OF GOVERNANCE IN FEDERAL NEPAL**

On the ground, youth frustration with the government is palpable. Many young people express disillusionment with what they perceive as the state’s singular focus on facilitating labor migration rather than creating opportunities within the country. For these youth, the government’s inaction on job creation, education, and innovation feels deliberate. As one FGD participant put it poignantly, “Maybe the government’s policy itself is to send youths abroad so that they will not face opposition and resentment over their incompetence and inability. Sending as many youths as possible to foreign lands means the chances of resentment will be lesser.” This sentiment captures a broader fear that the out-migration of young people is not just a response to limited opportunities but potentially a mechanism to diffuse political discontent and maintain the status quo.

However, perspectives vary across regions and social groups. In eastern Nepal, some members of Indigenous and ethnic communities adopt a more forgiving tone toward local governments. While they acknowledge shortcomings in program delivery, they also recognize the structural and demographic complexities local governments face. “Local governments are also finding difficulties in adjusting programs considering the unique imbalance of population in ethnic heartlands,” explained one FGD participant. “Traditionally, minority groups

[Indigenous] are in majority, while communities that outnumber the rest nationally [Brahmins and Chhetris] are in minority. We are confused to deal with this odd situation, but we are working to redress it gradually.”

*“if our identity is excluded again, we may be forced to resume the movement.”*

Among Indigenous groups, identity and recognition remain highly sensitive issues. There is strong sentiment that the naming of provinces should reflect not only geography but also the historical and sociological identities of local populations. Many believe that failure to incorporate Indigenous history, emotion, and identity in naming processes risks reigniting old frustrations. An Indigenous activist acknowledged that the constitution has addressed some long-standing demands, but stated that “if our identity is excluded again, we may be forced to resume the movement.” There is a growing awareness that while protests may remain a tool for claiming rights, its effectiveness in the current context could be limited or even counterproductive.

Meanwhile, other forms of symbolic erasure have sparked resentment. Respondents of FGDs and KIs raised concerns over local governments renaming roads, memorials, and public spaces. These changes involve removing names associated with conflict-period martyrs and replacing them with names more favorable to the current leadership.

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*“The current local government has changed the names of the previous roads, memorials, and monuments to their own favorable names, removing the names of martyrs of conflict. Conflict victims are not happy with this,” said one victim from the 10-year conflict.*

This erasure has stirred painful memories for conflict-affected families and communities, who see such acts as disrespectful to the sacrifices made during Nepal’s turbulent political transformation.

When it comes to public grievances, responses to local governments are mixed. For some, identity, emotion, and recognition remain at the center of their concerns. For others, it is employment, opportunity, and effective service delivery that matter most. Regardless of varying priorities, one consistent theme from these individuals is that people want to be heard. They expect governments both local and central to deliver on promises, listen to concerns, and act with accountability. The disconnect between public expectations and state performance continues to shape both discontent and hope in Nepal’s evolving federal landscape.

## **RISING DISSENT AGAINST PROVINCIAL STRUCTURE: A BREWING CRISIS FOR FEDERALISM**

A growing segment of the population and several political parties appear to view the provincial structures as financial burdens to the state, arguing that they should be dismantled altogether. Three prominent examples illustrate this sentiment.

1

First, the Rastriya Prajatantra Party, a right-wing, pro-monarchy, and pro-Hindu-state party has opposed federalism and the provincial system since the promulgation of the Constitution on September 20, 2015.<sup>21</sup> The party has consistently propagated anti-federal narratives and mobilized against the federal structure.<sup>22</sup>

2

Second, the Rastriya Swatantra Party, which rose to national prominence following the 2022 general elections, chose not to participate in the provincial assembly elections. While it fielded candidates for federal and local elections, it participated in the election but explicitly rejected the provincial tier. In December 2023, the Rastriya Swatantra Party, which had emerged as the fourth-largest political force in the election, formalized its position through its central and parliamentary committees, stating that provinces should be abolished. They claimed that provincial governments have become hotbeds of corruption and function merely as recruitment platforms for political parties.<sup>23</sup>

3

The third example involves Balendra Shah, the mayor of Kathmandu Metropolitan City, who won with overwhelming support, especially from the youth. Shah made headlines when he skipped the provincial ballot while voting in the 2022 elections.<sup>24</sup> This symbolic gesture was widely interpreted as reflecting the growing disenchantment of the youth with provincial structures.

While the positions taken by Shah and the Rastriya Swatantra Party may partly reflect political strategies to tap into widespread public frustration with federal governance, a number of experts argue that these sentiments are not entirely without merit. One expert interviewed for this study contended that the decision to adopt federalism was misguided. According to this view, Nepal could have addressed historic exclusion and underrepresentation of marginalized communities within the framework of a unitary system.

A political analyst elaborated further, stating:

*“Federalism came out of nowhere in Nepal. It was not mentioned in the Comprehensive Peace Agreement or the initial draft of the Interim Constitution. It wasn’t grounded in any established principles or informed by research. Even the parties that demanded federalism had no clear understanding of its implications or relevance for Nepal.”*

The political analyst described the adoption of federalism as an ad hoc solution to pacify certain agitators, which eventually became a defining but flawed feature of Nepal’s political system. He argued that the country does not need a three-tier government, and that a two-tier model of central and local would be more appropriate. “Provinces have become white elephants. They are merely shadows of the federal government,” he remarked.

Critics argue that provincial governments have failed to demonstrate their relevance. They are often seen as inefficient, duplicative, and financially draining. Key services such as education, health, and agriculture continue to be either poorly delivered or heavily reliant on federal grants and technical guidance. Provincial bureaucracies

lack sufficient administrative capacity and have been unable to develop clear legislative agendas or distinct policy innovations. The overlap of responsibilities between federal, provincial, and local governments has further contributed to confusion and institutional inability. In the public's perception, provincial governments have become symbolic entities with minimal transformative impact, staffed by political appointees and riddled with clientelism.

*“Provinces have become white elephants. They are merely shadows of the federal government.”*

Such views are echoed by senior political leaders as well. One senior leader admitted that “political parties agreed to federalism in 2007 under pressure from foreign countries.” Another leader claimed the federal system was not a democratic choice made by the full Constituent Assembly: “The decision was made by a sovereign body within the Constituent Assembly, under external pressure. Western powers, particularly the European Union, used the Maoists to promote ethnic federalism, while India used Madhesi actors to push the One-Madhes-One-Pradesh agenda.”<sup>25</sup>

Despite the growing backlash against provinces, there remains strong and widespread support for federalism in several constituencies, particularly among the Tharu and Madhesi communities. In these regions, federalism and the provincial system are seen as crucial mechanisms for empowerment and inclusion. Critics of the anti-federalism movement warn that abolishing provinces could spark new tensions. One academic observed that “opposition to provinces is indeed growing, but the underlying issue is that provinces lack sufficient power. Abolishing them would trigger strong resistance, especially in areas like Madhesh.”



Mountain village in the Himalayas, Nepal. May 2018. Credit: Getty Images

# CONCLUSION: UNFINISHED PROMISES OF FEDERALISM

Nepal's adoption of federalism through its 2015 Constitution has always been deeply contested. More than just a structural adjustment, it was a response to decades of exclusion, marginalization, and centralization. For many historically oppressed communities, federalism represented a long-awaited opening, a symbolic and practical step toward dignity, recognition, and self-determination. It was, despite its imperfections, a grand political vision offering hope to those long denied a voice in the governance of the state.



**Seven years into its implementation after the first elections, federalism remains a work in progress. This study shows that while the federal structure has succeeded in decentralizing powers on paper, the lived realities reveal a more complex and uneven picture.**

Power has been devolved but not always democratized. In many instances, local and provincial governments have become new centers of elite capture, with decision-making often confined to a few powerful actors. Public participation by some communities, particularly Dalits, Indigenous people, women, and youth, remains largely symbolic, and institutional mechanisms for accountability are often weak or bypassed.

Discontent is growing. Citizens across various regions express frustration that the promises of federalism—equitable development, inclusive governance, and local empowerment—have not been realized in their everyday lives. Provincial governments in particular face criticism for inefficiency, redundancy, and failure to deliver as expected. These gaps have given rise to calls for restructuring the federal model altogether, with proposals to abolish provinces and adopt a two-tier system emphasizing empowered local and central governments. While these arguments are gaining traction, they also carry serious risks. For communities like Madhesi and Tharu, provinces are not just administrative units, they are hard-won political spaces symbolizing recognition, identity, and historical justice. Dismantling them without first addressing systemic inequalities could reawaken old grievances and potentially destabilize the fragile peace that federalism was meant to secure.

The core finding of this study is that Nepal's federal transition has neither fully succeeded in delivering its transformative promise nor has it failed. The architecture is in place, but its foundations remain shaky. If left in its current state, a status quo marked by tokenism, party loyalty over public accountability, and centralized tendencies, federalism risks becoming hollow. This would further alienate the very populations it aimed to empower.

What is needed now is not the rollback of federalism but its deepening and democratization. This requires more than technical reforms; it demands a cultural and institutional shift. Political leaders must prioritize the people's mandate over partisan interests. State institutions must be made to be more responsive, inclusive, and accountable. And citizens, especially those at the margins, must be meaningfully engaged not only as participants but as actors of governance.

Nepal's federalism is inseparably linked to its peace process. Any deviation from its core objectives of inclusion, justice, and equitable governance risks reigniting past tensions. Preserving peace and strengthening democracy will depend on whether federalism can evolve from a constitutional commitment into a lived reality, one that genuinely reflects the needs, identities, and aspirations of all Nepalis.

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<sup>1</sup> Interim Constitution of Nepal, 2007.

<sup>2</sup> Comprehensive Peace Accord Signed Between Nepal Government and Communist Party of Nepal (Maoist), November 22, 2006.

<sup>3</sup> Deepak Thapa and Alexander Ramsbotham, "Two Steps Forward, One Step Back: The Nepal Peace Process," *Accord*, issue 26, March 2017, [https://rc-services-assets.s3.eu-west-1.amazonaws.com/s3fs-public/Two\\_steps\\_forward\\_one\\_step\\_back\\_The\\_Nepal\\_peace\\_process\\_Accord\\_Issue\\_26.pdf](https://rc-services-assets.s3.eu-west-1.amazonaws.com/s3fs-public/Two_steps_forward_one_step_back_The_Nepal_peace_process_Accord_Issue_26.pdf).

<sup>4</sup> Thapa and Ramsbotham, "Two Steps Forward, One Step Back," 77.

<sup>5</sup> Hari Bansha Jha, "Is Federalism Failing in Nepal?," Observer Research Foundation, March 14, 2023.

<sup>6</sup> Sadikshya Dulal, "Self-Determination Versus Development: The Evolution of Federalism in Nepal," paper presented at the International Conference on Federalism, Devolution of Power, and Inclusive Democracy in Nepal and Asia, Kathmandu, November 22–23, 2023.

<sup>7</sup> Jainendra Jeevan, "Chahidaina Pradesh" ("We Don't Need Provinces"), *Nagarik News*, Bhadau 2, 2081 (August 18, 2024).

<sup>8</sup> The Panchayat System was a partyless political system introduced by King Mahendra in 1960 after dissolving the first elected parliament. It centralized power under the monarchy and functioned through a hierarchical structure of local, district, zonal, and national panchayats, bypassing political parties and suppressing dissent.

<sup>9</sup> Krishna B. Bhattachan, "Making No Heads or Tails of the Ethnic 'Conundrum' by Scholars of European Head and Nepalese Tail," *Contributions to Nepalese Studies* 25, no. 1 (1998): 111–30. Bhattachan is a Nepali sociologist, Indigenous activist, and professor of sociology at the Central Department of Sociology and Anthropology at Tribhuvan University.

<sup>10</sup> David Gellner, *The Idea of Nepal*, Social Science Baha Mahesh Chandra Regmi Lecture 2016 (Himal Books, 2016).

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<sup>12</sup> Harka Gurung, *From Exclusion to Inclusion: Socio-Political Agenda for Nepal*, Social Inclusion Research Fund, 2006.

<sup>13</sup> Gurung, *From Exclusion to Inclusion*.

<sup>14</sup> Sebastian von Einsiedel and Cale Salih, "Conflict Prevention in Nepal: Background Paper for the United Nations–World Bank Study on Conflict Prevention," *Conflict Prevention Series* no. 1, United Nations

University Centre for Policy Research (April 2017).

- <sup>15</sup> Soeren Keil, “Federalism as a Tool of Conflict Resolution: The Case of Bosnia and Herzegovina,” In *Une nouvelle ère de fédéralisme*, Journal of Studies on European Integration and Federalism no. 363 (2012), L’Europe en Formation, <https://shs.cairn.info/revue-l-europe-en-formation-2012-1?lang=fr>.
- <sup>16</sup> Jeevan Baniya, Sambriddhi Kharel, Deepak Thapa, and Alexander Ramsbotham, “Gender and Nepal’s Transition from War,” *Accord*, September 2017; and Sophia Close, “Gendered Political Settlements: Examining Peace Transitions in Bougainville, Nepal and Colombia,” *Accord*, May 2018.
- <sup>17</sup> Governments keep changing in federal and provincial levels in Nepal. This section’s data about representation in provincial and local governments reflects representation status as of August 2024.
- <sup>18</sup> Government of Nepal, Office of the Prime Minister and Council of Ministers, National Statistics Office, National Population and Housing Census 2021.
- <sup>19</sup> Three case studies examining power dynamics at the local level and their impacts on marginalized communities, specifically the Kiranti, Madhesi, and Tharu, were developed as part of this research as a separate research output.
- <sup>20</sup> School of Arts Kathmandu University, Interdisciplinary Analysts, and The Asia Foundation, *A Survey of the Nepali People in 2022* (School of Arts, Kathmandu University: 2022), 69.
- <sup>21</sup> “CA Makes History, Endorses the New Constitution of Nepal,” *Kathmandu Post*, September 16, 2015.
- <sup>22</sup> ANI News, “Pro-Monarchy Protesters Hit Streets in Kathmandu as Political Crisis Deepens,” January 2, 2021.
- <sup>23</sup> Binod Ghimire, “Rastriya Swatantra Party Favours Doing Away with Provinces,” *Kathmandu Post*, December 1, 2023.
- <sup>24</sup> Prithvi Man Shrestha, “Could the Rise of the Rastriya Swatantra Party Boost Anti-Federal Forces?,” *Kathmandu Post*, November 22, 2022.
- <sup>25</sup> A core demand of the Madhesi movements during the 2007 uprising was the establishment of a single autonomous province across the Terai to ensure Madhesi self-rule and address historical exclusion. However, it faced opposition from other communities and was not adopted in Nepal’s final federal structure.