



FORMATION AND FUNCTIONING OF PROVINCIAL INSTITUTIONS IN THE FEDERAL STRUCTURE



DEMOCRACY
RESOURCE CENTER

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Democracy Resource Center Nepal
Lalitpur

LIST OF ACRONYMS

CDO	Chief District Officer
CPN-M	Communist Party of Nepal-Maoist
DAO	District Agriculture Office
DFO	District Forest Office
DRCN	Democracy Resource Center Nepal
FARC	High-Level Federal Administrative Restructuring Committee
FIARCC	Federalism Implementation and Administrative Restructuring Coordination Committee
GoN	Government of Nepal
MoFAGA	Ministry of Federal Affairs and General Administration
MoHP	Ministry of Health and Population
MoLMAC	Ministry of Land Management, Agriculture and Cooperative
MoPID	Ministry of Physical Infrastructure Development
MoSD	Ministry of Social Development
O&M	Organization and Management
O&MSC	Organization and Management Survey Committee
OCMCM	Office of the Chief Minister and the Council of Ministers
OTMS	Office of the Transportation Management Service
PSC	Public Service Commission
ToR	Terms of Reference

INTRODUCTION

Nepal had long practiced centralized systems of governance. The administrative mechanism was a strong foundation of such systems. Administrative restructuring had been implemented in Nepal after every political transformation to make the administrative mechanism efficient and people-oriented.¹ However, such restructurings were never successful in bringing about fundamental change; instead, they further shored up the centralized system. Attempts at decentralization started with the inception of the Panchayat system and after the restoration of the multi-party system

in 1990, *the Local Self-Governance Act, 1999* was implemented specifically to foster decentralization. This Act was created to mobilize developmental tools and to enable maximum possible inclusion of sovereign citizens in governance. Additionally, this Act aimed to distribute equally the dividends of development among communities hitherto left behind by fiscal and social progress and to make local institutions accountable by drafting and executing development plans at local levels. All efforts made towards decentralization till then had stood on the foundation of the centralized system. The central government and bureaucracy were reluctant to accept the principles of local autonomy in governance.² Therefore, the effectiveness of decentralization in Nepal was not very apparent.³

¹ Administrative Restructuring Committee was formed in 1954. It is also known as the Butch Commission. It functioned as the first attempt at modernizing the existing administrative structure. In 1958, the Administration Restructuring Planning Commission was established under the leadership of Tanka Prasad Acharya for an effective implementation of the new development programs adopted by the nation. In 1969, the Administration Reform Commission was established under the leadership of Bedananda Jha to strengthen civil service administration. Similarly, as it was necessary to prioritize professional development in order to maximize the utilization of civil service personnel, the Administration Reform Commission of 1975 was formed under the leadership of Bhesh Bahadur Thapa. The Administrative Reform Commission of 1991 formed under the leadership of Girija Prasad Koirala aimed to address the demand for democracy and development by making civil service administration more capable, inspired and accountable. The Administrative Reform Commission of 2007 was formed under the leadership of the Minister for General Administration with the aim of making civil service administration accountable to the public, capable, neutral, transparent and in accordance with the federal structure.

² Gurung, Harka. 2007. Vikendrikaranko Jukti. In *Vishaya Vividh*. Basanta Thapa, ed., pp. 181–182. Lalitpur: Himal Kitab.

³ There are two concepts regarding decentralization: “The delegation and the devolution of rights. The essence of the first concept is that the center allows its administrative authorities to be executed by lower institutions. This concept only provides for lower institutions to execute on a temporary basis the authorities that are being or may be exercised by the center. But the ownership of the authority remains with the center. However, the second concept, or the concept of devolution, gives autonomy to the local institutions and makes them partners in the administrative structure. Or, the local levels practice ownership over such authority. To allow only for the execution of delegated authority amounts merely to administrative management. The right to autonomy is a political matter.” See Gurung, Harka. 2007. Vikendrikaranko Jukti. In *Vishaya Vividh*. Basanta Thapa, ed., pp. 181–182. Lalitpur: Himal Kitab.

The Panchayat system began its development efforts in Nepal by dividing the country into 14 zones and 75 districts. Simultaneously, the concept of five development regions was introduced according to the principle of regional development to reduce geographic disparities. Zones and districts were sub-divided to create uniformity in every sector to assist in the management of development. But the concept of 14 zones and five development regions was not successful. The district was utilized as the unit for administration and service delivery. The five development regions could not survive as an administrative, political or developmental unit. Confronted with historical biases in favor of a center-oriented politics and centralized administration, the concept of regional development could not gain a foothold as a principle for national development.⁴ Because the center was extremely powerful, the existence of the concept of 14 zones was limited to number-plates on motor vehicles and the concept of five development regions was limited to a few regional offices devoid of any real authority.⁵

Attempts at systemic reforms did not achieve expected success due to the centralized systems of governance, which remained a prominent reason for the continuance of economic, social, gender-based and geographic discrimination and exclusion. Apart from people belonging to a specific caste community, a large section of Nepal was sidelined from the governance process, because of which it failed to develop a sense of belongingness toward the state. Therefore, people of that section developed the sentiment that they belonged to the nation of Nepal, but the state never belonged to them.⁶

⁴ Sharma, Pitambar. 2005. Nepalko Pradeshik Vargikaran: Aadhar ra Parinati. In *Nepalko Sandarbham Samajshashtriya Chintan*. Mary Des Chene and Pratyush Onta, ed., pp. 61–95, Lalitpur: Social Science Baha.

⁵ Gurung, Harka. 2007. Vikendrikaranko Jukti. In *Vishaya Vividh*. Basanta Thapa, ed., pp. 181–182. Lalitpur: Himal Kitab.

⁶ Onta, Pratyoush. 2011. Publisher's Note. In *Nepaliya Hunalai...* Ramesh Parajuli, ed., pp. ix. Kathmandu: Martin Chautari.

On February 13, 1996 the erstwhile Communist Party of Nepal-Maoist (CPN-M) began its decade-long armed struggle against the state with the principal aim of transforming the centralized systems of governance. During this period, CPN-M exercised the practice of regional and ethnic autonomy. After the erstwhile monarch King Gyanendra took over the administration of the state on February 1, 2005, the then seven mainstream political parties and CPN-M united to hold the mass protests of 2006 to oppose the autocratic monarchy. The success of those protests cleared the path for the CPN-M to participate in peaceful and competitive politics. The *Interim Constitution of Nepal, 2007* failed to include a federal structure, which led to the Madhesh Movement in 2008. The pressure created by the Madhesh Movement led to the amendment of the *Interim Constitution of Nepal, 2007*. Two provisions were added to the Constitution that “a progressive restructuring including a democratic federal system of governance will be carried out,” and that “the final decision regarding restructuring of the state and the form of the federal structure [of governance] shall be as determined by the Constituent Assembly.”⁷ The Constitution promulgated by the second Constituent Assembly established the provision for seven provinces in Nepal.⁸

After Nepal moved away from a unitary system to a federal state structure, there are provisions for the federal, provincial and local governments to exercise the authorities of the state in accordance with the Constitution and prevailing laws.⁹ In the new structure, the three tiers of government may exercise executive and legislative authorities, however, the structure of the

⁷ Rai, Kailash and Chiran Manandhar. 2009. *Rajya Punarsanrachana ra Samvidhansabha Sandarbha Grantha*. p. 2. Kathmandu: Martin Chautari.

⁸ The names for Gandaki Province, Karnali Province and Sudurpashchim Province were ratified through their respective province assemblies. Four other provinces were yet to name themselves.

⁹ Article 56 of the Constitution of Nepal.

judiciary remains unitary.¹⁰ The Constitution provides for the authorities of the state to be exercised either exclusively by one tier, or as shared rights between two or three tiers.¹¹

For the three tiers of governments to utilize the rights accorded to them and fulfill their respective responsibilities, it was imperative for them to manage physical infrastructure, employees, fiscal management, laws and the interrelationship between themselves. It was a challenging task to review an administrative structure established according to the norms of a unitary system of governance and prepare for a completely new system.¹² The list of rights exclusive to and shared between the three tiers of governments were given further clarity before creating a new organizational structure and managing employees.¹³

The working group within the Federalism Implementation and Administrative Restructuring Coordination Committee (FIARCC) formed by the Government of

¹⁰ The High Court was among the first institutions to be established at the provincial level. After the approval of the *Judicial Administration Act, 2016*, High Courts were established in accordance with the Constitution. In lieu of the erstwhile 16 Appellate Courts, one High Court, High Court benches in nine locations and two temporary benches were established.

¹¹ The exclusive rights of the federal, province and local levels are listed in Annexes 5, 6 and 8 of the Constitution. Shared rights of the federal and province governments are listed in Annex 7 and shared rights of the federal, province and local governments are listed in Annex 9.

¹² Governance Facility. 2018. 'Federal Nepal – The Provinces: Comparative Analysis of Economic and Administrative Data and Challenges', Kathmandu, Nepal. Available at <https://gfnepal.org/wp-content/uploads/2018/03/GF-Report-Federal-Nepal-The-Provinces.pdf>; accessed September 18, 2019.

¹³ The Unbundling Report on Powers of the Federal, Province and Local Levels Pursuant to Annexes 5–9 of Constitution of Nepal as approved by the Council of Ministers of Government of Nepal. The report is available on Government of Nepal's official website: <https://www.opmcm.gov.np/federalism-admin/>

Nepal (GoN) prepared the Unbundling Report with a detailed list of the functional responsibilities of each of the three tiers on the basis of the exclusive and shared rights provided by the Constitution.¹⁴ This Unbundling Report was the point of departure for the implementation of federalism. As determined by this report, provinces are responsible for 565 functions. Similarly, the federal and local governments are responsible for 870 and 360 functions respectively.

After the adoption of a federal structure, provincial ministries and other transitional institutions under their jurisdiction were gradually established. The task of managing employees at the provincial level through employee integration was also at its final phase. Offices under the provinces had begun their functioning. Each province was in the process of reshaping the existing transitional arrangement made by the federal government regarding their administrative structure and employee management to meet their particular needs. The functioning of the provincial institutions would lead to the stability of provinces. There was widespread curiosity on how this new structure would function differently from the structures of a centralized state. In this context, the main aim of this report was to study the preparation and establishment of transitional structures at the provinces level, and assess the preliminary functioning of provincial governments.

The research methodology employed by Democracy Resource Center Nepal (DRCN) was primarily qualitative. Three research teams from DRCN interviewed provincial ministers, members of provincial assemblies, officials at various provincial institutions,

¹⁴ As per the Government of Nepal decision dated April 08, 2016, the High-level Federalism Implementation and Administrative Restructuring Steering Committee (FIARSC) was formed with the Prime Minister as the chairperson and the Federalism Implementation and Administrative Restructuring Coordination Committee (FIARCC) was formed with the Chief Secretary as the coordinator. A thematic task force was formed according to the decision of FIARCC dated May 16, 2016.

political representatives, members of civil society, journalists and citizens from all seven provinces between April and August of 2019. Additionally, DRCN researchers based in Kathmandu interacted with representatives of various federal ministries, administrative and legal experts and other stakeholders. DRCN held discussions with a total of 195 stakeholders during the course of this study.

Since the transitional process of administrative restructuring was in effect throughout the duration of this study, DRCN was not able to obtain reports from the Organization and Management Survey Committee (O&MSC), the entity responsible for directing this process. Similarly, the latest status of employee integration across the seven provinces was also not available. Although this report includes provincial ministries and offices under them, it does not cover other

institutions like the Office of the Chief of the Province, provincial assemblies, the Office of the Chief Attorney, provincial police, and provincial planning and policy commissions.

In the next section of this report, ministries under provincial governments, transitional institutions under them, and the integration of employees across three tiers of governments are discussed. In the third section, the functioning over the past 18 months of provincial ministries and other institutions under them is included. The fourth section includes challenges faced by provincial ministries and institutions in this period. Discussion regarding the preparations made by provincial governments according to their particular needs after the period of transitional provisions is included in the fifth section. Conclusion and recommendations are presented in the final section.

TRANSITIONAL PROVISIONS FOR PROVINCIAL MINISTRIES AND THEIR INSTITUTIONS

2.1 PROVINCIAL MINISTRIES AND THEIR FUNCTIONAL RESPONSIBILITIES

Elections for the House of Representatives and the seven provincial assemblies took place on November 26 and December 7, 2017, and initiated the process of forming executive and legislative bodies in the provinces.¹⁵ The Constitution provides for provincial legislative powers to remain with provincial assemblies, and for provincial executive powers to remain with the provincial council of ministers.¹⁶ The Constitution also provides for the appointment of a Chief of the Province with a few limited powers.¹⁷ The provincial council of ministers is constituted by the Chief of the Province in recommendation of the Chief Minister, based on principle of inclusion, and the number in the council

¹⁵ The coalition formed between the erstwhile Communist Party of Nepal (Unified Marxist-Leninist) and Communist Party of Nepal-Maoist Centre won a majority in all provinces excluding Province 2 in the provincial assembly elections conducted on November 26 and December 7 of 2017. As provided by the Constitution, political parties with the majority in each province formed their provincial councils of ministers under chief ministers drawn from among the members of the respective provincial assemblies. Province 2 formed a government representing the coalition between the erstwhile Sanghiya Samajwadi Forum Nepal and Rashtriya Janata Party Nepal. Nepal Communist Party formed governments in other six provinces.

¹⁶ Article 162, 168, 176, and 176 of the Constitution of Nepal.

¹⁷ Articles 163–167 of the Constitution of Nepal.

not exceeding 20 percent of the total members in the provincial assembly.¹⁸

A province has the authority to create laws pertaining to the economic rights falling under its jurisdiction, to create and make decisions on annual budgets, to create policies and plans and to implement them.¹⁹ Similarly, a province also has the authority to impose taxes in areas under its jurisdiction, collect revenues from such sources, and make fiscal transfers to the local governments.²⁰ As the Article 174 of the Constitution provides for the division and functioning of duties of provincial governments according to the regulations approved by each provincial government, all provinces passed the *Provincial Government (Allocation of Business) Regulation, 2018*. The Allocation of Business Rules was in accordance with recommendations made by the High-Level Federal Administrative Restructuring Committee (FARC). Ministries create policies, rules and programs pertaining to their jurisdiction in accordance with the Allocation of Business Regulation. They also supervise, monitor and evaluate the institutions and programs under them.

On January 24, 2018, the federal Council of Ministers approved a temporary arrangement for the appointment of chief ministers, the office of the council of ministers, and seven ministries for each of the seven provinces along with the interim organizational structure for provincial assembly secretariats. The employees necessary for the seven ministries, the Office of the

¹⁸ Article 168 (9) of the Constitution of Nepal.

¹⁹ Article 59 of the Constitution of Nepal.

²⁰ Article 60 of the Constitution of Nepal.

Chief Minister and the Council of Ministers (OCMCM) were managed through the Ministry of Federal Affairs and General Administration (MoFAGA). The number of ministries at the province level, their names, and their functional responsibilities were determined on the basis of the recommendations made by the FARC's Report.

2.2 INSTITUTIONS UNDER PROVINCIAL MINISTRIES

Article 302(2) of the Constitution contains the provision to manage the transition into a federal system until the creation of new structures at the local and provincial level. Under this provision, GoN may manage service delivery by integrating civil servants employed at the time of the promulgation of the Constitution into the federal, provincial and local levels in accordance with prevailing laws. *Employee Integration Act, 2018* was passed to facilitate the integration of employees into the federal, provincial and local levels. In accordance with Article 3(1) of the said Act, GoN formed the O&MSC, comprising under-secretaries from federal ministries and coordinated by the Secretary of MoFAGA, in order to determine the organizational structure and number of civil service employees required at all three levels. GoN subsequently approved the organizational structure and number of employees recommended by the Committee, as per the *Employee Integration Act, 2018*. The O&MSC had taken the following three documents as its basis for making recommendations for approval regarding the organizational structure and number of employees: 1) the list of exclusive and concurrent powers as listed in the Constitution of Nepal; 2) Government of Nepal (Allocation of Business) Regulation; and, 3) the Unbundling Report approved by the Council of Ministers of GoN.²¹

Table 1: List of Provincial Ministries and their Scope

S.N.	Name of Ministry	Scope
1	Office of the Chief Minister and the Council of Ministers	Office of the Chief Minister at the Province; Council of Ministers at the Province; general direction, control and operation of the governance system within the Province; communication; corruption control; and communication and coordination with the federal and the local governments.
2	Ministry of Internal Affairs and Law	Peace and security; Provincial Police; Provincial Bureau of Investigation; disaster management; conflict management; law, justice and provincial assembly affairs; and provincial bureaucracy and administration
3	Ministry of Financial Affairs and Planning	Economic planning and budget; financial institutions; and statistics
4	Ministry of Physical Infrastructure Development	Roads (provincial level); drinking water; water resources; energy; irrigation; and transportation
5	Ministry of Social Development	Education; health; sanitation; women, youth and sports; social security; language; culture; labor; and employment

²¹ Press release dated March 28, 2019, by the MoFAGA.

S.N.	Name of Ministry	Scope
6	Ministry of Industries, Tourism, Forest, and Environment	Industries; commerce; supplies; tourism; forest; science; environment; and climate
7	Ministry of Land Management, Agriculture, and Cooperatives	Land management; management of trust (<i>guthi</i>); agriculture; livestock; cooperatives, and poverty alleviation

Source: High-Level Federal Administrative Restructuring Committee Report 2016.

Employee numbers had been determined to appoint officials possessing multiple skills to provincial ministries and institutions. Apart from that, uniformity had been maintained by – as much as possible – giving the same name to departments of a similar nature within institutions at the provincial level, and by eliminating duplication while creating such departments.²² The O&MSC intended to create organizational structures and employee numbers to facilitate functioning within the various jurisdictions of the province and to keep ministries and institutions lean and efficient. The reports submitted by the O&MSC mentioned that, as a special organizational feature of the provinces, it attempted to make the provinces effective and efficient by keeping them focused on coordinating between the federal and local levels, and on monitoring, developing policies

²² Ministry of Federal Affairs and General Administration (MoFAGA), Organization and Management Survey Committee (O&MSC), 2018. Organization and Management Survey Report for Ministries and Institutions; Organization and Management Survey Report of Institutions Under Province Ministry of Social Development; Organization and Management Survey Report of Institutions Under Province Ministry of Land Management, Agriculture and Cooperatives.

and standards, development planning, and programs and service delivery at the province level.

Officials at the Agricultural Development Directorate in Province 1 said that since the federal structure had been adopted, it was necessary to envision the transitional structure of the province as different from what existed before. Rather than establishing a province office in every district as had been the case under the centralized system, it appeared that efforts were made to establish the structure for a division office to oversee two or more districts. When basic services like agriculture, health and animal husbandry were transferred to the local level, new organizational structures had been created according to the notion that the role of the provinces should be primarily coordinative. An official at the Health Coordination Department under the federal government said that the transitional structures had been created with the notion that not each district required an office to carry out coordinative functions. It was the experience of the official that, as the provincial structure was new and as there was a lack of practical knowledge, the process of doing, learning, and improving had been adopted in the course of creating the provincial structures. In the course of this process, the 35 health offices established across the country were found to be inadequate, and they were subsequently established in each of the 77 districts of Nepal. However, in the process of establishing health offices in every district, the number of employees in each office was reduced.

At the provincial level, the Office of the Province Chief, seven ministries, the OCMCM, provincial assemblies, and the offices of the provincial chief attorney had been established. There are three ways that institutions come under a provincial ministry. First: new institutions established by the federal government for the province; second: institutions transferred to the province by the federal government; and, third: institutions created through decisions taken by the provincial council of ministers. Directorates under provinces, health offices and agricultural knowledge centers are some examples of new institutions. District or zonal hospitals operating

under the erstwhile Ministry of Health and Population (MoHP), District Ayurveda Health Center, and Zonal Ayurveda Dispensary are examples of institutions which were transferred to the provinces under the Ministry of Social Development (MoSD) with their organizational structures and employee numbers intact. Similarly, various laboratories, crops development centers, resource centers, and seeds production centers operating under the Agriculture Directorate within the Ministry of Land Management, Agriculture and Cooperatives (MoLMAC) had been transferred to the provinces while keeping their employee size intact. Province policy/planning commissions were examples of institutions created through decisions by provincial governments. Although the numbers of institutions under various ministries differed across provinces, each province had at least seven directorates, the office of the provincial comptroller, the office of the provincial chief attorney, two training or instruction centers, and at least three training centers. Although the Federal Police Act had not yet been passed, every province had already established its police office. In the provincial structure, the role of the directorates is to facilitate and coordinate the implementation of various plans. There are provisions to appoint a senior official of the federal government (Secretary) to each province as the chief secretary to the OCMCM. First class joint-secretaries of the federal government had been appointed as secretaries to provincial ministries.

At the provincial level, structures transferred by the federal government for transitional management and newly created structures were approved by the Council of Ministers of the GoN in accordance with the recommendations made by the O&MSC. Such structures had become operational after all the provincial governments approved without any changes or amendments. The O&MSC had consulted area experts and officials at the provincial ministries regarding the organizational structure and functional responsibilities of provincial ministries and institutions. However, officials at various provincial ministries complained that the structures and number of employees

did not address the specific needs of their provinces. The list of functions of province-level institutions was determined by federal ministries. Senior bureaucrats of the federal government dominated the process of determining the transitional structure and the number of employees. However, each of the seven provinces have their own special features. The geography, population, development indicators and availability and mobilization of resources vary. Because of this, each province may require a different structure. If there had been a provision for the representation of provincial ministers at the O&MSC, it would have been possible to address their needs in the transitional structure. However, such was not the case.

As provided by the *Employee Integration Act, 2018*, employee integration has to be completed before the number of employees can be increased or decreased, or changes effected or revisions be made to the organizational structure of offices or institutions. The federal government had not approved the new structures or employee numbers requested by provinces according to their own needs. Officials at the OCMCM of Province 1 said that the newly established structure had failed to become functional due to the failure of the federal government to approve new employee numbers. Therefore, all seven provinces appeared determined to create structures appropriate to their particular needs through the establishment of province Public Service Commissions.

2.3 EMPLOYEE INTEGRATION

GoN adopted the policy of integrating federal employees into federal, province and local governments in order to implement administrative federalism. The *Employee Integration Act, 2018* attempts to manage employees at the province and local levels mainly through two approaches. First, by integrating employees working in the federal civil service (services instituted according to *Civil Service Act, 1993*; *Nepal Health Service Act,*

1997; and the *Act Regarding Legislative Parliament*, 2007) into province and local levels through procedures and processes determined by existing laws; and Second, deploying to province and local levels the employees who were working in federal government services for transitional management. During the process of integrating employees into the province and local levels, a call was made for applications specifying the preferences of employees serving with the federal government. Although integration was mentioned in Section 8 of the Act, it was carried out largely in accordance with the priorities expressed by the employees. In accordance with the Act, efforts were made to attract employees towards integration by providing promotions or the addition of one grade-level for integrating into the province or local levels. However, representatives of provinces reported that this provision attracted mostly employees who were close to retirement.

The Integration Committee studied employee numbers and the organizational structure of all three tiers and made its recommendations to the GoN. The employee numbers approved by the Integration Committee were: 48,409 for the federal government; 22,297 for the seven provinces; and 66,908 for the 753 local governments. 35 percent of the total recommended employee number of 137,617 was approved for the federal government while seven provincial governments had to share less than half—16 percent of the total—between them. The process of creating a lumbering and burdensome organization structure at the federal level by instituting a large employees number—contradicting recommendations made by the Administrative Restructuring Committee at various times—began at the very offset of the employee numbers approval process. Even though the O&MSC claimed that it wanted to create a lean and efficient organizational structure, it could not stay firm on its declared course.

Table 2: Number of employees approved after the Organization and Management (O&M) Survey²³

S.N.	Tier	Number of Approved Positions	Percentage of total Approved Positions	Number of Employees Integrated
	Federal Government	48,409	35	39,960
	Seven Provinces	22,297	16	13,821
	753 Local Governments	66,908	49	43,807
Total		137,614	100	97,588

Table 3: Status of employee integration in each province²⁴

Province	Number of Employees Integrated
Province 1	2,415
Province 2	1,812
Province 3	2,525
Gandaki Province	1,748
Province 5	2,532
Karnali Province	1,334
Sudurpaschim Province	1,455
Total	13,821

According to a political analyst, the main cause behind the burdensome structure of the federal government and the reason behind the higher percentage of employee integration into it was the failure to create a central administrative structure that followed the list of rights of the federal government as provided in the Constitution.

²³ Press release dated March 28, 2019, by the MoFAGA. During this DRCN periodic research, updated statistics regarding the integration process were not available either from the Organization Division within the MoFAGA or the offices of the Chief Minister and the Cabinet of Ministries of the various provinces.

²⁴ Press release dated March 28, 2019, by the MoFAGA.

According to the analyst, this was also the result of the desire of senior bureaucrats to continue serving at the federal level.

Of the total number of employees approved for integration, 39,960 had opted for integration into the federal government, 13,821 into seven provinces, and 43,807 into local governments. According to these figures, there were deficits of employee numbers amounting to 17 percent, 38 percent and 34 percent at each tier respectively. Fewer employees chose Karnali

and Sudurpashchim provinces in comparison to the other provinces.

A lack of preparation and clarity was apparent in the process and standards for employee integration as provided by the Constitution. The first Act on employee integration was enacted in 2017 but it was soon replaced by an ordinance later that same year. *Employee Integration Act, 2018* finally replaced the ordinance. The Act, passed after numerous efforts, was not without its share of controversies. As a result, not only was the integration process delayed, but it also failed to attract civil service employees.

THE INITIAL YEAR OF PROVINCIAL MINISTRIES AND THEIR INSTITUTIONS

While the federal and local governments had already been in existence, provinces are an entirely new structure. Even though they are a new structure, there were examples of provincial governments carrying out important tasks during the first year of their establishment. The first year was the foundational year for the creation of new laws.²⁵ Each province enacted laws essential to their functioning and management. Laws that provincial governments needed to create for local governments, along with laws regarding fiscal transfers from provincial governments to local governments were also created within the first year. Each province passed a quarterly and two full-fledged annual budgets. Provincial ministries and institutions were occupied with the creation of working procedures for the budgets. Provinces claimed that the implementation of these budgets built the foundation for the prosperity of the provinces.

Provinces also delivered goods and services in various sectors. For instance, the GoN had failed to provide drinking water to some drought-stricken areas in eastern Nepal. After its formation, the Province 1 government provided relief to the citizens of drought-stricken areas in Panchthar, Terhathum and Dhankuta districts. The Province 1 government spent NPR 16 million on

deep-boring wells to provide drinking water to the people of Kummayak Rural Municipality in Panchthar. Previously, it was necessary to obtain recommendations from the district and seek the assistance of Kathmandu to develop any large project. It became possible to accomplish this at the provincial level. DRCN was told that the presence of a provincial government created urgency in the implementation of large projects, and also made the monitoring of such projects efficient.

All seven provinces held at least two provincial coordination council meetings with their respective local governments.²⁶ These meetings were important in establishing initial coordination and cooperation with the local level. Apart from Sudurpashchim, all other provinces had formed their planning or policy commission. These commissions were engaged in formulating provincial periodic plans. Plans formulated by these commissions would be important for the development of their provinces. The Chief Minister of Province 1, evaluating the achievements and challenges of the initial year of the province government, said, “We had imagined that we could accomplish the creation of a province structure in a short period, but the process was delayed as it required management from the side of

²⁵ Democracy Resource Center Nepal. 2019. Functioning of Local and Provincial Governments. DRCN Period Report - 4, pp. 2–3. Available at https://democracyresource.org/wp-content/uploads/2019/07/DRCN-Periodic-Report_IV_Nepali_30Jul19.pdf; accessed September 18, 2019.

²⁶ Section 105 of the Act Relating to the Operation of Local Government, 2017 provides for the formation of a Province Coordination Council to ensure coordination between province and local governments. There are provisions requiring the Council, formed under the chairpersonship of the Chief Minister of the province, to meet at least once every year.

the federal government. We were limited to just forming the political structure in the initial six months.”²⁷ There had been no substantial change in the situation indicated by the Chief Minister of Province 1 more than a year after the formation of provincial governments.

²⁷ Province 1 Office of the Chief Minister and Council of Ministers (OCMCM). 2018. *Pradesh Sarkarko ek Varsha: Pramukh Upalabdhi*. Biratnagar: Province 1 OCMCM.

CHALLENGES FACED BY PROVINCIAL INSTITUTIONS

Since their establishment in February 2017, provincial ministries and offices under them had utilized opportunities to build essential infrastructure. The federal and local governments had existed under the previous system of governance as the center and local units. But, as an entirely new construct, provincial ministries and offices under them faced new set of challenges. Offices under provincial governments were not able to function fully because they had to contend with a lack of fundamental infrastructures like employees and office buildings. Additionally, the absence of necessary laws, mutual communication and coordination was also starkly apparent.

4.1 STRUCTURAL CHALLENGES

Transitional structures under province governments were created by the federal government. Employee numbers and their terms of reference (ToR) were also determined uniformly by the federal government. However, the priorities and geographic realities of each province are unique and they each require different structures. Therefore, the structures established by the federal government were not able to appropriately address the needs of the provincial governments. Provincial governments experienced difficulty in their functioning due to the inadequate number of offices. Therefore, provincial governments established a few offices under their own initiative.

Gandaki Province established the Office of Cooperatives Registrar in Pokhara. The office, under the MoLMAC,

was being operated with existing employee appointments and through laws created by the province government. Province 1 established the Office of the Transportation Management Service (OTMS) in Dhankuta. Province 3 established the Public Construction Unit in Kavrepalanchok and Dhading under the MoSD. This unit was formed to supply the necessary technical labor force required for the construction of infrastructure at the local level. Sudurpashchim Province established the Citizen Assistance Desk at Kailali Customs Office to maintain a record and provide necessary assistance to Nepali citizens migrating to India for employment. Even though province governments requested the federal government for additional employees for these offices, their requests were not approved. Employees for the OTMS in Dhankuta of Province 1 and the Office of Cooperatives Registrar in Gandaki Province were appointed through employees approved for the respective provinces. However, since the federal government failed to supply the employees necessary for their functioning, these offices were on the verge of shutting down. The Project Implementation Unit under the MoSD of Province 1 and Citizen Assistance Office of Sudurpashchim Province could not function effectively due to a lack of employees.

Specifically, there was a common complaint across all provinces regarding the absence of any mechanism under the existing structure to connect provinces to the local level.²⁸ It was reported that the limited number

²⁸ Province Coordination Councils formed under the coordination of the Chief Minister in order to coordinate between province and local levels existed in each province.

of offices established under the provincial structure were incapable of fulfilling the needs of the province. For instance, an Agricultural Knowledge Centre was established in Rukum West to oversee agricultural affairs in Salyan and Rukum West districts. Stakeholders in Salyan complained that this situation had created difficulties for service seekers from their district. Since only the education directorate falls under the jurisdiction of a provincial government, it had been difficult to carry out its education-related programs in the districts. An official at the Higher Education Division under the MoSD recalled their experience about how, since the Education Directorate of Sudurpashchim was situated in Doti, technicians from Doti had to be dispatched to oversee the construction of a school building in Bajhang. Similarly, it was reported that, owing to the geographic remoteness of the districts in Karnali and Sudurpashchim provinces, division offices created to oversee more than one district were largely impractical.

4.2 CHALLENGES RELATED TO PHYSICAL INFRASTRUCTURE

Apart from Province 5, all other provinces established permanent or temporary capitals in older regional or district headquarters. Therefore, most provincial governments and their institutions were established in government buildings used by district or regional offices of the federal government. But the temporary capital of Province 5, Butwal had not even been a district headquarters previously, therefore there was a severe lack of government buildings, because of which even ministries were operating out of leased buildings. Representatives of Province 2 also informed DRCN

However, since this was a space for discussion on policy matters, complaints prevailed regarding the absence of a mechanism connecting province and local levels on matters pertaining to regular functions like program implementation, statistics collection and public service delivery.

about the lack of buildings for ministries and other provincial institutions.

The best available physical structures were appropriated by provincial ministries, with their institutions occupying the remaining structures. Even the ministries established in erstwhile district or regional headquarters were found to be facing an acute lack of infrastructure. A Secretary of Province 1 said, “The physical infrastructures housing provincial ministries are inadequate. They are not suitable either. Ministries have been established in various federal government offices. Ministries feel like district-level offices. When I go to work there, I feel as if I have been demoted two levels in my job.” The Employment Information Center in Dhangadhi of Sudurpashchim Province was brought under the province’s MoSD, but was confined to operating from a single room in the federal Labor and Employment Office.

Province 1, Gandaki Province, Karnali Province and Sudurpashchim Province finalized their capitals. The issue was becoming increasingly complex for the rest of the three provinces. Since their capital had not been finalized, it had not been possible to begin constructing permanent physical structures either. The provinces that had managed to finalize their capitals also had not been able to begin constructing permanent buildings because they had not been able to acquire the necessary land. Although Gandaki Province allocated a budget towards building construction in the Fiscal Year 2018–2019, the budget was frozen because it could not obtain the necessary land. According to a Province 2 secretary, provincial institutions could not begin to function effectively until the capital, official language and name of the provinces were finalized.

There were also controversies regarding which institution would use preexisting physical infrastructure. For instance, in the districts of Gandaki Province and Province 5, there were some confusions between the Prime Minister’s Agriculture Modernization Program and the Agricultural Knowledge Center regarding who

would make use of the physical infrastructure. Since agricultural knowledge centers were established after the first quarter of the previous fiscal year, the Prime Minister's Agriculture Modernization Program Office had already been utilizing the district agriculture offices' buildings. Even though they did not need an entire office building, they had been occupying the office building and using its motor vehicles and other resources. Agricultural knowledge centers were operating out of leased buildings while in some places modernization programs and knowledge centers were sharing office spaces.

4.3 CHALLENGES IN EMPLOYEE MANAGEMENT

The issue of a lack of employees in provincial institutions was not resolved even after the formal completion of the employee integration process. There was a notable lack of employees across all seven provinces at the under-secretary level, and in technical fields. Karnali Province alone required 30 employees at the under-secretary level, of which only one employee had joined the province government. Of the five under-secretaries present in the province, four were absent after being integrated into the federal level. The remaining 25 positions had not been filled. In the existing provincial structure, the under-secretary for administrations was responsible for connecting junior employees to senior bureaucrats. There was a stark absence of under-secretaries (administration). According to a secretary of Province 1, the absence of under-secretaries had affected the day-to-day management of ministry employees. Similarly, the absence of under-secretaries, who were responsible for creating draft policies, had also affected the process of drafting provincial policies.

The federal government appointed the chief secretaries and the ministerial secretaries of the province. The federal government seemed determined to continue this practice through its *Bill Regarding Formation,*

Operation, and Terms of Service of Federal Civil Service, 2018. Under-secretaries said that this provision curtailed their opportunities for professional growth, and opted to be integrated into the federal government. It was also claimed that this provision would lead to the restriction of the rights of provinces.

Because fewer employees chose Karnali Province, it faced a greater lack of employees. Also, relatively few employees chose Sudurpashchim Province. There was a lack particularly of technical employees across all provinces. In their absence, processes from preparing budget estimates for programs to the monitoring of ongoing programs were affected. Even though the Infrastructure Development Office of Province 2 had adequate projects and funds, the lack of employees resulted in only 50 percent of the work being completed by the end of the fiscal year. The MoSD of Province 2 had transferred its plans to the Ministry of Physical Infrastructure Development (MoPID) due to a lack of employees, resulting in an increase in the workload of the MoPID. The employees themselves raised concerns regarding the quality of work being done on the plan because of their inability to properly monitor projects due to a lack of employees. Some representatives of the province also said that most of the better qualified employees had asked to be integrated into the federal government and had shown a reluctance to work in the province. According to a Secretary in Province 1, employees on the verge of retirement were enticed by the promotion by one grade as an incentive to choose integration into provinces. The provincial institutions did not function as well as expected because of the frequent transfers of employees which deprived employees of any stability. Employees were deputized to province governments in October and November of Fiscal Year 2018–2019, and the integration process took place within a few months. Provincial employees said that they had been unable to focus on their work owing to the uncertainty about which tier they would be integrated into.

Employees who were found to be redundant during the integration process had been integrated into province governments. Employees from parliamentary services sector had been appointed into administrative positions. Even though this should have been done only through a recommendation from the Public Service Commission (PSC), this protocol was not observed.²⁹ An official at the OCMCM of Gandaki Province informed DRCN that information and technology officials had been appointed as revenue officials, geographers as administrative under-secretaries, and a women's development officer had been appointed as a revenue official. Integration initially proved very difficult in the health services sector due to the controversy regarding levels and grades, but gradually health services employees were being integrated into and arriving at province. Even as province governments reeled from a lack of employees, the federal government had been appointing a superfluity of employees to the Prime Minister's Agriculture Modernization Program. An official of Province 1 said, "We are facing difficulty in functioning due to a lack of employees. But the federal government is maintaining 378 employees in a pool for the Prime Minister's Agriculture Modernization Program."

The erstwhile district offices were responsible for only their district. Division offices and offices like the agricultural knowledge centers under provincial governments had to oversee more than one district. But employees said that since the number of employees for these offices had been reduced, it was difficult to carry out the responsibilities of the office. However, a few employees explained it as the hangover effect of the previous district-based administrative structure. Most of the functions of the district-level administration

had been transferred to the local levels under the new structure. For instance, most of the functions of the erstwhile district health offices were carried out by local governments. According to an official at the Health Coordination Division under the MoHP, the objective of the Health Office was mostly coordinative, for which it did not require as many employees as the erstwhile District Health Office.

4.4 CHALLENGES REGARDING FUNCTIONING

Since province offices were established late into the first fiscal year, budgets had not been allocated toward their operation. As the necessary institutions had not been created, it had been arranged for the ministries to implement programs. Later, the ministries allocated some funds so that some of the programs would be implemented by the newly created institutions. Officials at the newly created directorates complained that throughout the first year, ministries had focused more on program implementation than on their primary function of creating policies. However, budgets in the running fiscal year had been allocated to adequately meet the needs of the offices. In the first year, every program required an approval procedure before its implementation. Provincial governments spent a significant amount of time preparing them. Therefore, they could not implement those programs on time. Many programs were not implemented at all, owing to a lack of time. In Province 2, such offices received the authority for program implementation only towards the end of May, because of which they had to rush into program implementation. Due to inadequate time, many programs remained unimplemented.

Provincial governments failed at implementing their programs due to various reasons. Some chose alternative ways for implementation while many programs had their budgets frozen. The MoSD of Province 1, facing a lack of infrastructure, allowed the Education Development

²⁹ Although the *Public Service Commission Act, 2010* and the Constitution stipulate that Government of Nepal shall consult with the Commission while promoting or transferring from one federal civil service position to another civil service provision, the *Employee Integration Act, 2019*, issued in accordance with Article 302 of the Constitution did not contain such a provision.

and Coordination Unit of the federal government to operate the physical infrastructure program for a school. Similarly, the Health Office was granted authority to construct a sports ground. In Province 2, the MoSD also had tasks pertaining to the construction of physical infrastructure. However, owing to a lack of employees with technical expertise, the task had been delegated to the province's MoPID. Increased workload, absence of working procedures, and the fact that the program had only been activated towards the end of the fiscal year resulted in the MoPID accomplishing only about half of the total work. The Director of the Forest Directorate of Province 5 said, "Because of the absence of lower-level institutions at the relevant ministries, plans that should have been overseen by the Tourism (Division), like construction of physical infrastructure, religious sites infrastructure, construction of parks, the One Municipality One Pond program, etc., were also given to us. We did not have the human resources to implement those plans. They should have understood that the Forest Office does not have technicians to oversee building construction. We also received plans for the Cottage (Industry Division). We barely scraped by (with implementing the programs) through user committees and technicians hired on contract."

Many respondents spoke of the lack of willingness shown by the federal government in transferring offices and rights to the provinces. Although it was said that the local level would oversee everything pertaining to land reform, land measurement and land revenues and that province governments would monitor and evaluate such tasks, all rights pertaining to land remained with the federal government. A Secretary at a ministry in Province 5 said that the federal government had not used any fixed standards while transferring offices to the provinces, and that some offices of a particular kind had been transferred to the provinces while other offices of the same kind had been retained with the federal government. For instance, the skill development centers in Dang and Nepalgunj were transferred to the province while the federal government retained the same office in Butwal. The Lumbini Zonal Hospital was transferred

CASE STUDY 1

The federal government handed over the Koshi Zonal Hospital to the Province 1 government. But the federal government took back the hospital without informing or consulting with the province government. An official of Province 1 said that institutional operation was facing difficulty because of the lack of trust shown by the federal government towards the province. The official said, "Koshi Hospital is adjacent to the premises of the MoSD. Perhaps the Ministry, which is adjacent to the Hospital, is better capable of monitoring and operating the Hospital than the federal government." According to a senior health official at the MoSD, seventy million rupees was allocated for the Hospital. When the federal government took back the Hospital, there was confusion on what to do with the budget. An official at the Health Coordination Division under the federal government's MoHP said that the federal government had retained Koshi Zonal Hospital in Biratnagar, Narayani Sub-Regional Hospital in Birgunj, Bharatpur Hospital in Chitwan, Bheri Zonal Hospital in Nepalgunj, and Dadeldhura Sub-Regional Hospital in Dadeldhura with the intention of developing them as specialized institutions and improving their quality. The official did agree that the federal government had taken this decision unilaterally, without coordinating with provincial governments. A senior official in Province 1 said that the federal government had taken back institutions that had already been transferred to the provincial governments because of the common interests of ministers and senior bureaucrats in the federal government.

to the province, but the Bheri Zonal Hospital remained with the federal government. DRCN was told that there was no consultation or coordination with province

governments during these decisions. A senior official of Province 1 said that political leaders in the province were uneager to transfer authority, and that civil service employees shared the same mindset. Similarly, a representative of a provincial government said that the frequent circulars and directives issued by the federal government also made it difficult for provinces to operate independently.

4.5 LEGAL CHALLENGES

New institutions were not able to function with ease because laws necessary for day-to-day functioning were yet to be created. Since laws that needed to be passed at the federal level had not been passed, provinces were not able to pass the laws necessary for them to function, even when they wanted to. The federal government delayed the enactment of laws necessary for the provinces, like the *Act to Determine the Basis and Standards for the Functions, Duties and Rights of Provincial Public Service Commission 2018*, and the Civil Service Act necessary for provinces to recruit their own employees had still not been passed. Meanwhile, provinces had passed their own law paving the way for the recruitment of employees through the provincial PSCs. Province 2 and Province 5 had even selected the chairpersons for their respective commissions. But, there was no possibility for these institutions to immediately begin functioning due to the absence of necessary federal laws. Furthermore, it was not possible to recruit employees into the civil service in provinces without creating internal procedures, directives and examination processes through the province's PSC to ensure qualification processes, equal opportunity, inclusivity, terms of conditions and its guarantee, political neutrality and fairness in employee recruitment.

Laws had not been passed at the provincial level to address issues like internal security, education, health, forest, etc. Provinces were not in a rush to create these laws because the federal government had not made them

yet. The situation had become tenuous because, on the one hand, existing laws continued to be in effect until replaced by new laws, while on the other hand, old laws did not mention the new structure in place. In a sector as sensitive as education, confusion had arisen due to the lack of necessary laws. An official at the Education Directorate of Province 2 said that implementation of plans had been affected because the MoSD had failed to create the necessary working procedures.

The federal government had not created a new Forest Act, and the provinces had not created their equivalent laws either. The Director of the Forest Directorate of Province 5 said, "Legal obstacles remain the main challenge. The Forest Act had granted the District Forest Office (DFO) authority to fine up to 10 thousand rupees, and to decide a few cases on their own. But since neither the federal government nor the provincial government has passed a new law, even simple cases (that the DFO had been deciding hitherto) have to be referred to the District Court. The existing Forest Act recognizes only the DFO. It does not recognize the Forest Directorate under the transformed present context." Such legal obstacles were rampant in sectors like education and health. In the absence of new laws, old laws continued to be applied.

Although ToR had been provided to offices under provincial governments, they were vague, incomplete and duplicative in nature, which had directly affected the functioning of such offices. Where institutions under the federal government were transferred to province governments without any amendment, minor changes had been made to their erstwhile functions or jurisdictions before transferring them to the provinces. In such cases, there was not a significant number of complaints about a lack of clarity in their mandates. For instance, although the federal government transferred the transportation offices to provinces, because of the similarity in the nature of their work descriptions, there were no significant problems. But there were some confusions in case of new offices. According to an official at the Health Directorate of Gandaki

Province, there was no clarity on who was responsible for evaluating the functioning of the employees, or who would approve employee leaves, or who would register and renew private health service institutions. An official at the Agricultural Knowledge Center in Palpa of Province 5 also said that it was uncertain who was responsible under the new structure for issuing permits to agricultural groups, a function that had been carried out by the District Agricultural Office (DAO) previously. Functions had been duplicated between ministries and directorates due to a lack of clarity in the specific responsibilities of ministries and health directorates. Health directorates and social development ministries both carried out procurement and program implementation. According to the Director of the Livestock and Fisheries Development Directorate of Gandaki Province, the ToRs prepared for the Veterinary Hospital and Livestock Services Experts Center were missing subjects like hatcheries, poultry, etc.

4.6 CHALLENGES IN COORDINATION

Even though the constitutional provision exists for the federal system in Nepal to be based on principles of coordination, cooperation and coexistence, the lack of coordination in the transitional phase was apparent.³⁰ Because of the difficulty in coordination between the three tiers, some problems surfaced. Education offices in every district were kept under the federal government by creating the Education Development and Coordination Unit. Education departments existed at the local levels, and provinces also desired education offices at the district level. A Senior Engineer at the MoPID of Gandaki Province said, “The Ministry has sent us a ToR, and our Division has worked accordingly. Even so, many plans have been duplicated. Plans for drinking water and road construction are receiving budgets from both the federal and the province governments. In such cases, there is a verbal agreement that whoever has the

larger budget will carry out the program implementation while the second party steps aside.”

Although coordination among offices within the provincial government was found to be relatively satisfactory and effective, there were some visible problems when it came to coordination between provinces and the federal government, and between provinces and the local governments. However, there were a few problems in coordination even between offices under province governments. The Education Director of Province 1 said that there was no connective tissue between two institutions under the MoSD—the Education Training Center and the Education Directorate. There were allegations that province ministries and institutions under them were engaged in similar activities, resulting in the duplication of programs and effort. Duplication seemed especially rife in the health sector where different provincial institutions engaged in duplicate programs like inoculation drives, medical procurement and trainings. According to officials working at health directorates in various provinces, social development ministries, health directorates and health training centers all carried out programs related to inoculation. DRCN was told that local governments also carried out similar programs that there was no coordination between such programs, and that the participants had also been repeated.

³⁰ Article 232 of the Constitution of Nepal.

CASE STUDY 2

In Rupandehi, the space previously occupied by the disbanded DAO had been occupied by the Fishery Zone Office under the Prime Minister's Agriculture Modernization Program, which itself was a federal government program. An expensive soil-testing lab had been established there while it was operating as the Agriculture Office. But that lab had no utility for the Fishery Zone Office now situated in the premises. Employees from the disbanded DAO were appointed to various local level governments. The expert from the soil-testing lab was transferred to the Devdaha Municipality within Rupandehi. But the responsibility for soil-testing had currently been given to the Agriculture Development Directorate which was operating out of a rented office. It had neither an expert for soil-testing, nor an equipped laboratory.

Representatives of offices under provincial governments complained that even though it was necessary for provinces to coordinate with the local level, local governments ignored coordination efforts. A complaint heard repeatedly was the failure of local governments to assist province governments in collecting and maintaining updated statistics. Representatives from agriculture, health, livestock and other offices told DRCN that local institutions which used to regularly collect and send updated statistics to the erstwhile district offices now regularly ignored requests for such statistics.

However, there were a few claims that the lack of coordination was a result of differences in the understanding of what coordination meant. The Acting Chief of the Agriculture Development Directorate of Karnali Province said that it was mandatory for the province government to coordinate with local governments, and that Karnali Province had been doing

so. The official, claiming that the attitude at the local levels was that they thought the task of the province government was not so much as to provide programs but that it must provide local governments the budget to implement their own programs. The official further added, "According to existing rules, budgets allocated for the relevant local government is not amended without the recommendation of the local level. How much more coordination can there exist?"

CASE STUDY 3

An official at the Veterinary Hospital and Livestock Service Specialist Center in Kaski said that unless the three tiers of government determine their individual functions, such programs would continue to be duplicated. He also claimed that local governments were wanton in their conduct and that they failed to extend the support they were required to. According to the official, every nation is required to maintain updated statistics on epidemic diseases in accordance with its international commitments. However, under the new structure, local governments were reluctant to share such statistics, which were easily available in the previous system. The official said that it had been necessary to subpoena the statistics after local governments ignored oral and written requests. Veterinary Hospital and Livestock Service Specialist Center in Kaski had to resort to such subpoenas after the Livestock Service Department under the federal government asked the Center for relevant statistics.

4.7 COMMUNICATION CHALLENGES

The internal communication among province ministries and offices under their jurisdiction appeared satisfactory. It was found that there was easy and regular information

exchange between these offices through regular written correspondence, meetings and telephone calls. However, there were complaints that the written correspondence between province offices and federal offices were very roundabout and that it was mandatory to go through the relevant ministry, due to which it was difficult to function. It appeared that work would become quick and effective if direct contact and correspondence were established between offices under the two governments. For instance, if a health directorate of a province needed

to correspond with a federal ministry, it had to go through the province's MoSD, then the office of its chief minister, then the OCMCM, and only then reach the relevant federal ministry. It appeared that directorates and department offices under province governments were forced to take an even more circuitous route for correspondence. However, since the necessity for province offices to directly correspond with the federal government was very limited, the effect of this situation was also correspondingly limited.

THE PATH AHEAD FOR PROVINCIAL INSTITUTIONS

It was difficult for provinces to function with only the institutions transferred to them by the federal government along with newly established institutions. Therefore, provinces were busy preparing to create institutions that would address their needs. The provincial governments experienced that the structure put in place for the transitional period by the federal government had failed to address the needs of the provinces, and that new institutions created through decisions by the provinces had also been floundering. Each province was busy carrying out O&M surveys with the intention of creating a structure that would address their specific needs and recruiting employees as soon as their respective public service commissions were set up. Commenting on the importance of the survey being carried out by the province government, MoLMAC and spokesperson for Karnali Province said, “The signboards outside previous centralized offices have been replaced and the offices transferred to the province. That does not address the needs of the province. We are carrying out our own survey, and we will take forward the task of province management based on that survey.”

Province 1 formed the O&MSC comprising the secretaries of every ministry under the leadership of the Chief Secretary. Gandaki Province had given the task of carrying out the survey to Nepal Administrative Staff College based in Jawalakhel while Province 5 had given the responsibility to the secretaries of relevant ministries. O&MSC formed under the coordination of the Law Minister of Karnali Province had submitted its report to OCMCM. Provincial officials believed that once their PSCs were established and came into

operation, they would be able to establish provincial institutions as per the survey approved by their governments. The Province 2 government had plans to open a disaster management office. According to the Secretary of MoLMAC at Province 1, the Ministry was preparing to establish a bees resources center, a fishery, a seeds production farm, resource centers for goat and pig rearing, an animal breeding center and a cooperatives registrar’s office. Similarly, Karnali Province had proposed to open a provincial accounts unit in nine of its districts excluding Surkhet. MoLMAC had proposed to open a cooperatives registrar’s office, an organic (agriculture) research center and a pesticide rapid test center in Surkhet and a livestock examination center in Kapurkot of Salyan. An official at OCMCM said that discussions were ongoing regarding opening integrated offices for four topical ministries in each of the 10 districts of the province. According to Province 1 Chief Secretary and the coordinator of O&MSC, the province must be attentive during the survey process toward the need to reduce unnecessary administrative employees and office assistants and increase the number of multi-skilled desk officers.

Challenges might arise as each province carried out its O&M survey. All seven provinces complained that, under the existing structure, it had been difficult to implement provincial programs and that the local governments had failed to provide vitally important statistics. It was found that each province had therefore felt the need to establish at the district level offices under its own jurisdiction. For a long time in Nepal, the district remained an important unit for administration and service delivery. This legacy was still discernible.

Each province still considered the district its unit for service delivery. However, unless an environment of mutual trust and cooperation between the province and local governments was established, creation of institutions alone would not appear to solve the issues being faced by provinces. A secretary in Province 1 claimed that through appropriate management and deployment, the number employees approved for the province governments were adequate for carrying out the functions of the provinces. Some other officials met at other provinces also accepted that they did not have enough workload to keep them occupied. Even the coordinator of FARC asserted that it was not necessary to create an unwieldy structure by establishing institutions like directorates at the province level. According to a secretary of Province 1, employees were attracted towards establishing new institutions even if it was only for their professional advancement. Political leadership at the province was also pushing for an increase in employee numbers and the number of institutions. The secretary feared that if the self-interests of these two groups met, in contradiction to the principle that province institutions should be lean and efficient, they could become lumbering and unwieldy. The survey commissioned by Gandaki Province had recommended an increase in the number of ministries to 10. The provincial government would have to pay the additional cost of salaries, allowances and other benefits arising from an increase in employee numbers from that approved by the federal government from its internal revenue. A large organizational structure might also be challenging from a fiscal point of view for a province with limited internal income.

Although each province was carrying out its O&M survey with much importance and excitement, it appeared that there would be a significant wait before provincial institutions were created according to the recommendations of the survey. By August 2019, laws pertaining to the PSCs were passed in all seven provinces, and Province 5 and Province 2 had already appointed commissioners to their respective commissions. The Province 1 government had

allocated a budget for its PSC this fiscal year. The Province 1 Minister for Financial Affairs and Planning believed that the province would form its PSC and that administrative federalism would reach its conclusion within the ongoing fiscal year. However, a secretary of Karnali Province said that it would take longer to institutionalize the changes. Even if the O&M surveys were conducted and each province formed its PSC, it did not seem that problems associated with employees and the governance structure would be solved immediately. Provincial public service commissions would not be able to make progress with their work unless the federal Civil Employees Act was passed. Even after that, it might still take some more time for provinces to create institutions suited to their needs and move forward because they would still need to build infrastructure like the province civil service office of records and determine the curriculum for employee recruitment.

Some provisions in laws related to provincial police and peace and security that had been tabled at the Federal Parliament might restrict the functions of provinces in the future. Some provisions in these proposed laws were controversial. Members of the Federal Parliament and representatives of provincial governments expressed dissatisfaction over some provisions in these laws. Of these, the *Bill Relating to Maintenance of Peace and Security, 2019* was especially controversial because of the provision outlining the jurisdiction of the Chief District Officer (CDO). The law proposed giving the CDO the authority to manage peace, security and order, and to carry out the administration of the district. Also, it provided for all security entities and other offices to be under the general supervision and coordination of the CDO. The law also proposed a system under which the chief of any security organization would have to work under the direction of the CDO to maintain peace and security in the district. Provincial government representatives claimed that such provisions would go against the spirit of federalism and that it would weaken federalism. At the final meeting of the third session of the Province Assembly of Sudurpashchim Province, the Minister for Internal Affairs and Law said that the

federal government was interfering in the matters of province government instead of creating a conducive environment for the formation of provincial police, PSCs and other institutions. The Minister added, “The Constitution clearly provides for the provincial police to be under the province government, but the responsibility over the provincial police is being given to the CDO, a position that is not even recognized by the Constitution. If this keeps up, province governments will be nothing more than province development committees.” If the *Bill Relating to the Formation, Operation and Terms of Federal Civil Service, 2019*, currently tabled at the Federal Parliament, passed the provision of the federal government appointing high level employees including

the chief secretaries to province governments, it might affect the professional advancement of employees. This might make province offices less attractive to civil service employees.

Various laws currently tabled at the Federal Parliament provided for the federal government to appoint the CDOs along with the secretaries of province ministries. This would increase the chances of creating conflict in the accountability of employees towards the provincial government. Consequently, the misunderstandings between the federal and province governments might increase in the near future. That might add further challenges to the functioning of provincial institutions.

CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

The principle of decentralization was brought into practice at various times to address the economic, social, cultural and geographic inequalities existing in Nepali society. However, those efforts failed due to the centralized nature of governance. A federal structure of governance was established in Nepal as the result of the Maoist armed rebellion, the political transformation of 2006 and the Madhesh Movement. *The Constitution of Nepal* promulgated by the second Constituent Assembly brought the geographic and political form of federalism to its conclusion. Formation of the National Natural Resources and Fiscal Commission and the Employee Integration Act respectively cleared the path for the fiscal and administrative features of federalism. This was the context within which the provinces and their institutions had been functioning. Yet, they were beset with challenges.

The transitional structure and employee numbers for the provinces were determined according to the *Employee Integration Act, 2018*. In this process, the most important decisions were made by the bureaucracy within the federal government. Instead of creating institutions that addressed the unique features of each province, transitional structures were put in place in all seven provinces that were uniform in nature. They did not address the specific needs of the provinces, and because of the lack of employees, even though provincial institutions were established, they faced various challenges in the course of their functioning. Therefore, every province was busy in the process of

establishing institutions that would address their needs by conducting organization and employees number surveys. Beyond adding new institutions, it would be important to emphasize a process of creating provincial institutions and decision-making that would be different from the old, centralized system of governance. A greater degree of coordination and cooperation with the local governments might reduce the need to create too many institutions under the province. It would be necessary to focus on making the new provincial institutions transparent and people-oriented when implementing plans and policies. However, the provinces seemed less focused on this. There would be a strong possibility that, in the provinces, various vested interests of the bureaucracy and the political leadership would overshadow these concerns and lead only to the further addition of institutions.

The expected degree of coordination between the federal, province and local governments had not happened. There was a significant degree of duplication in the plans and programs they were implementing. The federal government was hesitating in transferring institutions to the provinces that fall under the constitutional jurisdictions of the provinces. On top of that, important new legislations tabled at the federal parliament contained provisions that would make the federal government stronger rather than building provincial institutions and assisting in their functioning. This might create opportunities for federal institutions to dominate provinces. Not only would this increase misunderstanding between the provinces and the federal government, it would also negatively affect the functioning of provincial institutions.

6.2 RECOMMENDATIONS

REGARDING CREATING FEDERAL FRAMEWORK LAWS NECESSARY FOR PROVINCIAL INSTITUTIONS

- Federal legislations on issues like public service commissions, civil administration services, the police service, internal security, etc., which are necessary for the effective functioning of provincial institutions must be created without further delay.
- While creating such legislations, the federal government must respect the exclusive and shared powers listed in the Constitution and practice adequate coordination and cooperation with both the province and local governments.

REGARDING PROVINCIAL ORGANIZATION AND MANAGEMENT SURVEY AND ITS IMPLEMENTATION

- Provinces must complete their organization and management survey by basing them on their particular needs and priorities in order to make their administration and bureaucracy lean, efficient, and people-oriented.
- Required legislations must be created and other preparations made in order to establish necessary institutions and to implement employee management on the basis of the organization and management survey.
- When a province creates its institutions, it should prioritize creating institutions that address its particular needs rather than replicating institutions under the federal government.
- When new provincial institutions are established, their area of work must be clearly determined and clear standards and authority must be ensured

regarding issues like budget implementation, coordination and monitoring.

REGARDING COORDINATION WITH OTHER TIERS

- While adding or amending institutions like new ministries, division offices and directorates, adequate coordination must be ensured with local governments and clear legal standards and work-divisions must be created regarding how each service will be delivered.
- Special attention should be paid towards practicing fiscal prudence and decreasing administrative costs while establishing new institutions, and it should be ensured that the functions of these institutions do not duplicate the work of local governments.
- It is necessary to establish long-term and trustworthy interrelationship with local governments on important issues like planning and implementation. It is necessary to create additional legislation as required and make coordinative institutions like provincial coordination councils effective.
- A separate desk for each province must be created at the Prime Minister's Office in order to make the coordination and communication between federal and provincial governments effective.

ANNEX: LIST OF PROVINCIAL INSTITUTIONS

PROVINCE 1

S.N.	Ministry/Line Agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	
4.	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	
	Forest Research and Training Center	1	
	Division Forest Office	15	Udayapur (2), Jhapa, Morang, Sunsari, Sankhuwasabha, Bhojpur, Tehrathum, Dhankuta, Solukhumbu, Okhaldhunga, Panchthar, Taplejung, Ilam, Khotang
	Soil and Watershed Management Office	2	Dhankuta, Okhaldhunga
4.2	Industry, Commerce and Consumer Welfare Protection Directorate	1	
	Cottage and Small Industries Office	14	All Districts
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	
	Office of Transport Management	6	Jhapa, Sunsari (Vehicles), Sunsari (License), Ilam, Morang, Udayapur
	Office of Transport Management Service	4	Ilam, Morang, Udayapur, Dhankuta
5.2	Infrastructure Development Office	7	Panchthar, Jhapa, Sankhuwasabha, Bhojpur, Morang, Okhaldhunga, Udayapur
5.3	Office of Urban Development and Building	4	Ilam, Morang, Dhankuta, Okhaldhunga
5.4	Drinking Water and Sanitation Division Office	5	Panchthar, Okhaldhunga, Sunsari, Jhapa, Dhankuta
5.5	Water Resources and Irrigation Development Division Office	13	Bhojpur, Dhankuta, Ilam, Khotang, Okhaldhunga, Panchthar, Sankhuwasabha, Taplejung, Tehrathum, Udayapur, Jhapa, Morang, Sunsari
	Water Resources and Irrigation Development Sub-Division Office	1	Solukhumbu

S.N.	Ministry/Line Agency	Number	District
5.6	Groundwater Resource and Irrigation Development Division Office	3	Morang, Jhapa, Sunsari
	Kankai Irrigation Management Office	1	Jhapa
	Chanda Mohan Irrigation Management Office	1	Sunsari
5.7	New Urban Project (Temporary Office)	1	Panchthar
5.8	Basantapur New Urban Project (Temporary Office)	1	Tehrathum
5.9	Koshi Refreshment Center (Temporary Office)	1	Sunsari
5.10	Rural Road Network Project (Temporary Office)	1	Jhapa
6.	Ministry of Social Development	1	
6.1	Education Development Directorate	1	Dhankuta
	Education Training Center	1	Sunsari
6.2	Health Directorate	1	Dhankuta
	Health Office	14	All Districts
	Province Health Supplies Management Center	1	
	Province Public Health Laboratory	1	
	Zonal Hospital	1	Jhapa
	District Hospital/Others	12	
	Zonal Ayurvedic Dispensary	3	Dhankuta, Ilam, Udayapur
	District Ayurvedic Health Center	11	Jhapa, Morang, Sunsari, Sankhuwasabha, Bhojpur, Tehrathum, Panchthar, Taplejung, Solukhumbu, Okhaldhunga, Khotang
6.3	Province Museum	1	Dhankuta
6.4	Vocational and Skill Development Training Center	3	Okhaldhunga, Jhapa, Sunsari
7.	Ministry of Land Management, Agriculture and Cooperatives	1	
7.1	Agriculture Development Directorate	1	Morang
	Agro Business Promotion Assistance Training Center	1	Sunsari
	Crop Protection Laboratory	1	Morang
	Seeds Laboratory	1	Sunsari
	Soil and Fertilizer Test Laboratory	2	Jhapa, Sunsari
	Agriculture Knowledge Center	11	Udayapur, Jhapa, Sunsari, Sankhuwasabha, Bhojpur, Dhankuta, Solukhumbu, Okhaldhunga, Panchthar, Ilam, Khotang
7.2	Livestock and Fishery Development Directorate	1	Morang
	Veterinary Hospital and Livestock Service Specialist Center	8	Udayapur, Jhapa, Sunsari, Sankhuwasabha, Dhankuta, Okhaldhunga, Panchthar, Ilam
	Livestock Service Training Center	1	Sunsari

S.N.	Ministry/Line Agency	Number	District
7.3	Cooperative Training Center	1	Sunsari
	Silk Processing Center	1	Sunsari
	Silk Development Program	1	Dhankuta
	Horticulture Center	1	Solukhumbu
	Farm Center	8	
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	
10.	Planning Commission	1	

PROVINCE 2

S.N.	Minister/Line agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	
4.	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	
	Forest Research and Training Center	1	
	Division Forest Office	8	All Districts
	Soil and Watershed Management Office	2	Siraha, Rautahat
4.2	Industry, Commerce and Consumer Welfare Protection Directorate	1	
	Cottage and Small Industries Office	8	All Districts
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	
	Office of Transport Management	6	Siraha, Dhanusha, Parsa(2) , Rautahat, Mahottari
	Office of Transport Management Service	2	Rautahat, Mahottari
5.2	Infrastructure Development Office	4	Siraha, Dhanusha, Parsa, Rautahat
5.3	Office of Urban Development and Building	3	Saptari, Dhanusha, Parsa
5.4	Drinking Water and Sanitation Division Office	4	Bara, Sarlahi, Mahottari, Saptari
5.5	Water Resources and Irrigation Development Division Office	8	All Districts
5.6	Groundwater Resource and Irrigation Development Division Office	4	Mahottari, Parsa, Sarlahi, Siraha
6.	Ministry of Social Development	1	

S.N.	Minister/Line agency	Number	District
6.1	Education Development Directorate	1	
	Education Training Center	1	Bara
6.2	Health Directorate	1	
	Health Office	8	All Districts
	Province Health Supplies Management Center	1	
	Province Public Health Laboratory	1	
	Zonal Hospital	2	Dhanusha, Saptari
	District Hospital/others	6	Siraha (2), Mahottari, Bara, Sarlahi, Rautahat,
	Zonal Ayurvedic Dispensaries	1	Dhanusha
	District Ayurvedic Health Center	7	Siraha, Saptari, Sarlahi, Mahottari, Bara, Parsa, Rautahat
6.3	Vocational and Skill Development Training Center	2	Dhanusha, Rautahat
7.	Ministry of Land Management, Agriculture and Cooperatives	1	
7.1	Agriculture Development Directorate	1	
	Agro Business Promotion, Assistance Training Center	1	
	Crop Protection Laboratory	1	Dhanusha
	Seeds Laboratory	2	Dhanusha, Mahottari
	Soil and Fertilizer Test Laboratory	1	Dhanusha
	Agriculture Knowledge Center	6	Dhanusha, Saptari, Sarlahi, Bara, Parsa, Rautahat
7.2	Livestock and Fishery Development Directorate	1	
	Veterinary Hospital and Livestock Service Specialist Center	6	Siraha, Dhanusha, Sarlahi, Mahottari, Parsa, Rautahat
	Livestock Service Training Center	1	
7.3	Fisheries Development Center	2	Siraha, Saptari
7.4	Tropical Gardens and Nursery Center	1	Dhanusha
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	
10.	Policy Commission	1	

PROVINCE 3

S.N.	Ministry/Line Agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	

S.N.	Ministry/Line Agency	Number	District
4	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	
	Forest Research and Training Center	1	
	Division Forest Office	15	Kathmandu, Kavrepalanchok, Chitwan, Dolakha, Dhading, Bhaktapur, Makwanpur(2), Rasuwa, Ramechhap, Lalitpur, Nuwakot, Sindhupalchowk, Sindhuli (2)
	Soil and Watershed Management Office	2	Sindhupalchowk, Lalitpur
4.2	Industry, Commerce and Consumer Welfare Protection Directorate	1	
	Cottage and Small Industries Office	6	Kathmandu, Kavrepalanchok, Bhaktapur, Makwanpur, Lalitpur, Chitwan
	Cottage and Small Industries Development Committee	7	Dhading, Dolakha, Rasuwa, Ramechhap, Nuwakot, Sindhupalchowk, Sindhuli
	Tourist Development Project	2	Makwanpur, Chitwan
	Industry Development Training Academy	1	Chitwan
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	
	Office of Transport Management	6	Lalitpur (2), Kathmandu (3), Bhaktapur
	Office of Transport Management Service	4	Chitwan, Makwanpur, Kathmandu, Bhaktapur
5.2	Infrastructure Development Office	6	Sindhupalchowk, Bhaktapur, Lalitpur, Chitwan, Nuwakot, Ramechhap
5.3	Office of Urban Development and Building	5	Ramechhap, Kavrepalanchok, Kathmandu, Nuwakot, Chitwan
5.4	Drinking Water and Sanitation Division Office	5	Makwanpur, Dhading, Kavrepalanchok, Bhaktapur, Sindhuli
5.5	Water Resources and Irrigation Development Division Office	12	Kathmandu, Kavrepalanchok, Chitwan, Dolakha, Dhading, Bhaktapur, Makwanpur, Ramechhap, Lalitpur, Nuwakot, Sindhuli, Sindhupalchowk
	Water Resources and Irrigation Development Sub-Division Office	1	Rasuwa
5.6	Groundwater Resource and Irrigation Development Division Office	2	Chitwan, Kavrepalanchok
	New Urban Housing Project	2	Sindhuli, Dhading
	Public Housing Project Implementation Unit	1	Ramechhap
	Public Housing Project	3	Chitwan, Nuwakot, Kavrepalanchok
5.7	Narayani Lift Khageri Irrigation Development Division	1	
6.	Ministry of Social Development	1	
6.1	Education Development Directorate	1	Kavrepalanchok

S.N.	Ministry/Line Agency	Number	District
	Education Training Center	1	
6.2	Health Directorate	1	
	Health Office	13	All Districts
	Province Health Supplies Management Center	1	
	Province Public Health Laboratory	1	
	District Hospital/others	8	Bhaktapur, Rasuwa, Sindhupalchowk, Ramechhap, Makwanpur, Dhading, Nuwakot, Sindhuli
	Zonal Ayurveda Hospital	2	Kathmandu, Makwanpur
	District Ayurved Health Center	11	Dolakha, Sindhuli, Rasuwa, Dhading, Nuwakot, Sindhupalchowk, Kavrepalanchok, Bhaktapur, Lalitpur, Chitwan, Ramechhap
	Vocational and Skill Development Training Center	3	Dhading, Makwanpur, Lalitpur
	Employment Information Center	1	Makwanpur
	Public Construction Unit	2	Kavrepalanchok, Dhading
7.	Ministry of Land Management, Agriculture and Cooperatives	1	Makwanpur
7.1	Agriculture Development Directorate	1	Makwanpur
	Agro Business Promotion, Assistance & Training Center	1	Lalitpur
	Crop Protection Laboratory	1	
	Seeds Laboratory	1	
	Soil and Fertilizer Test Laboratory	1	
	Agriculture Development Directorate	7	Sindhuli, Kavrepalanchok, Ramechhap, Lalitpur, Nuwakot, Dhading, Chitwan
	Apiculture Development Center	1	Chitwan
	Vegetable Development Center	1	Sindhuli
	<i>Prajanan Pindhi Bij Koya Srot Kendra</i>	1	Dhading
	Spice Crop Development Center	1	Kavrepalanchok
	Flower Development Center	1	Lalitpur
	Temperate Horticulture Nursery Center	1	Makwanpur
	Mulberry Nursery Development Center	1	Chitwan
	Sub-tropical Provincial Horticulture Development Center	1	Nuwakot
	Temperate Fruits Rootstock Development Center	1	Dolakha
7.2	Livestock and Fishery Development Directorate	1	Chitwan
	Veterinary Hospital and Livestock Service Specialist Center	8	Kavrepalanchok, Dolakha, Lalitpur, Dhading, Sindhuli, Chitwan, Makwanpur, Nuwakot
	Livestock Service Training Center	1	Lalitpur
7.3	Goat Development Firm	1	Makwanpur
7.4	Fisheries Development Center	2	Makwanpur, Chitwan

S.N.	Ministry/Line Agency	Number	District
7.5	Vocational Grainage Center	1	Bhaktapur
7.6	Co-operative Training Center	1	Chitwan
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	
10.	Policy and Planning Commission	1	

GANDAKI PROVINCE

S.N.	Ministry/Line Agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	
4.	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	
	Forest Research and Training Center	1	
	Division Forest Office	11	All Districts
	Soil and Watershed Management Office	2	Tanahun, Parbat
4.2	Industry, Commerce and Consumer Welfare Protection Directorate	1	
	Cottage and Small Industries Office	11	All Districts
4.3	Tourism Office	1	Kaski
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	
	Office of Transport Management (Vehicle)	1	Kaski
	Office of Transport Management Service	2	Baglung, Tanahun
5.2	Infrastructure Development Office	5	Gorkha, Kaski, Tanahun, Myagdi, Parbat
5.3	Office of Urban Development and Building	3	Kaski, Baglung, Gorkha
5.4	Drinking Water and Sanitation Division Office	4	Baglung, Gorkha, Tanahun, Syangja
	Drinking Water and Sanitation Unit Office	11	All Districts
5.5	Water Resources and Irrigation Development Division Office	9	Baglung, Gorkha, Kaski, Lamjung, Myagdi, Nawalparasi East, Parbat, Syangja, Tanahun
	Water Resources and Irrigation Development Sub-Division Office	2	Manang, Mustang
6.	Ministry of Social Development	1	
6.1	Education Development Directorate	1	
	Education Training Center	1	Tanahun
6.2	Health Directorate	1	

S.N.	Ministry/Line Agency	Number	District
	Health Office	11	All Districts
	Province Health Supplies Management Center	1	
	Province Public Health Laboratory	1	
	Zonal Hospital	1	Baglung
	District Hospital/others	9	Tanahun, Manang, Mustang, Lamjung, Parbat, Syangja, Kaski, Gorkha, Myagdi
	Zonal Ayurvedic Dispensary	2	Baglung, Kaski
	District Ayurvedic Health Center	9	Manang, Gorkha, Lamjung, Tanahun, Syangja, Nawalparasi East, Parbat, Myagdi, Mustang
6.3	Province Museum	1	Kaski
6.4	Vocational and Skill Development Training Center	2	Kaski, Parbat
7.	Ministry of Land Management, Agriculture and Cooperatives	1	
7.1	Agriculture Development Directorate	1	
	Agricultural Business Promotion Support Training Center	1	
	Crop Protection Laboratory	1	
	Seeds Laboratory	1	Kaski
	Soil and Fertilizer Test Laboratory	1	Kaski
	Agriculture Knowledge Center	6	Gorkha, Myagdi, Lamjung, Syangja, Parbat, Tanahun
	Silk Development Program	2	Syangja, Kaski
	<i>Prajanan Pindhi Bij Koya Srot Kendra</i>	1	Tanahun
7.2	Livestock and Fishery Development Directorate	1	
	Veterinary Hospital and Livestock Service Specialist Center	7	Baglung, Myagdi, Lamjung, Gorkha, Syangja, Tanahun, Kaski
	Livestock Service Training Center	1	
	Fishery Development Center	1	Syangja
	Cooperative Registrar's Office	1	Kaski
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	
10.	Policy and Planning Commission	1	

PROVINCE 5

S.N.	Ministry/Line Agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	
4.	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	
	Forest Research and Training Center	1	
	Division Forest Office	14	Arghakhanchi, Kapilvastu (2), Gulmi, Dang (2), Nawalparasi West, Palpa, Pyuthan, Bardiya, Banke, Rukum East, Rupandehi, Rolpa
	Soil and Watershed Management Office	2	Palpa, Dang
4.2	Industry, Commerce and Consumer Welfare Protection Directorate	1	
	Cottage and Small Industries Office	12	All Districts
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	
	Office of Transport Management	4	Dang, Banke, Rupandehi (2)
	Office of Transport Management Service	3	Palpa, Dang, Rupandehi
5.2	Infrastructure Development Office	5	Rupandehi, Gulmi, Pyuthan, Dang, Banke
5.3	Office of Urban Development and Building	4	Palpa, Banke, Rupandehi, Dang
5.4	Drinking Water and Sanitation Division Office	4	Rupandehi, Palpa, Dang, Pyuthan
5.5	Water Resources and Irrigation Development Division Office	11	Arghakhanchi, Gulmi, Palpa, Pyuthan, Rolpa, Banke, Bardiya, Kapilvastu, Nawalparasi West, Rupandehi, Dang
	Water Resources and Irrigation Development Sub-Division Office	1	Rukum East
	Groundwater Resource and Irrigation Development Division Office	3	Rupandehi, Dang, Banke
5.6	Bandganga Irrigation Management Office	1	Kapilvastu
5.7	Praganna and Badkapath Irrigation Management Office	1	Dang
6.	Ministry of Social Development	1	
6.1	Education Development Directorate	1	
	Education Training Center	1	Rupandehi
6.2	Health Directorate	1	
	Health Office	12	All Districts
	Province Health Supplies Management Center	1	

S.N.	Ministry/Line Agency	Number	District
	Province Public Health Laboratory	1	
	Zonal Hospital	2	Dang, Rupandehi
	District Hospital/others	11	Rolpa, Kapilvastu, Palpa (2), Arghakhanchi, Rukum East, Rupandehi, Bardiya, Gulmi, Nawalparasi West, Pyuthan
	District Ayurvedic Health Center	8	Banke, Pyuthan, Palpa, Gulmi, Bardiya, Kapilvastu, Arghakhanchi, Rolpa
	Ayurvedic Hospital	2	Dang, Lumbini
	Provincial Ayurvedic Hospital	1	Dang
6.3	Province Museum	1	
	Vocational and Skill Development Training Center	3	Dang, Banke, Rupandehi
7.	Ministry of Land Management, Agriculture and Cooperatives	1	
7.1	Agriculture Development Directorate	1	
	Agricultural Business Promotion Support Training Center	1	
	Crop Protection Laboratory	1	
	Seeds Laboratory	1	
	Soil and Fertilizer Test Laboratory	1	
	Agriculture Knowledge Center	8	Nawalparasi West, Arghakhanchi, Gulmi, Palpa, Kapilvastu, Banke, Dang, Rolpa
7.2	Livestock and Fishery Development Directorate	1	
	Veterinary Hospital and Livestock Service Specialist Center	6	Palpa, Rolpa, Kapilvastu, Rupandehi, Dang, Banke
	Livestock Service Training Center	1	
7.3	Fishery Development Center	1	Banke
7.4	Poultry Development Farm	1	Banke
7.5	Cooperative Training Center	1	Banke
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	
10.	Planning Commission	1	

KARNALI PROVINCE

S.N.	Ministry/Line Agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	
4.	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	Surkhet
	Forest Research and Training Center	1	Surkhet
	Division Forest Office	11	Kalikot, Jumla, Dailekh, Mugu, Rukum West, Salyan, Surkhet (2), Humla, Jajarkot, Dolpa
	Soil and Watershed Management Office	2	Jumla, Surkhet
4.2	Industry, Commerce and Consumer Welfare Protection Directorate	1	Surkhet
	Cottage and Small Industries Development Committee	10	All Districts
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	
	Office of Transport Management	2	Jumla, Surkhet
	Office of Transport Management Service	1	
5.2	Infrastructure Development Office	3	Jumla, Humla, Surkhet
5.3	Office of Urban Development and Building	3	Jajarkot, Jumla, Surkhet
5.4	Drinking Water and Sanitation Division Office	3	Jumla, Surkhet, Rukum West
5.5	Water Resources and Irrigation Development Division Office	10	All Districts
	Water Resources and Irrigation Development Sub-Division Office	3	Kalikot, Rukum West, Mugu
6.	Ministry of Social Development	1	
6.1	Education Development Directorate	1	Surkhet
	Education Training Center	1	Surkhet
6.2	Health Directorate	1	Surkhet
	Health Office	10	All Districts
	Public Health Training Center	1	
	Province Health Supplies Management Center	1	
	Province Public Health Laboratory	1	Surkhet
	Province Hospital	1	Surkhet
	District Hospital/others	8	Salyan, Mugu, Dolpa, Humla, Kalikot, Dailekh, Jajarkot, Surkhet
	Zonal Ayurvedic Dispensary	2	Surkhet, Jumla

S.N.	Ministry/Line Agency	Number	District
	District Ayurvedic Health Center	8	Salyan, Dailekh, Jajarkot, Humla, Mugu, Dolpa, Surkhet, Kalikot
6.3	Province Museum	1	Surkhet
	Vocational and Skill Development Training Center	1	Jumla
7.	Ministry of Land Management, Agriculture and Cooperatives	1	
7.1	Agriculture Development Directorate	1	Surkhet
	Agricultural Business Promotion Support Training Center	1	Surkhet
	Crop Protection Laboratory	1	Surkhet
	Seeds Laboratory	1	Surkhet
	Soil and Fertilizer Test Laboratory	1	Surkhet
	Agriculture Knowledge Center	7	Dolpa, Jumla, Humla, Kalikot, Dailekh, Jajarkot, Rukum West
7.2	Livestock and Fishery Development Directorate	1	Surkhet
	Veterinary Hospital & Specialist Center	7	Surkhet, Salyan, Rukum West, Dailekh, Jumla, Humla, Mugu
	Livestock Service Training Center	1	Surkhet
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	
10.	Planning Commission	1	

SUDURPASCHIM PROVINCE

S.N.	Ministry/Line Agency	Number	District
1.	Office of the Chief Minister and the Council of Ministers	1	
2.	Ministry of Internal Affairs and Law	1	
2.1	Citizen Help Desk at the Border	1	
3.	Ministry of Economic Affairs and Planning	1	
3.1	Office of the Provincial Comptroller	1	
4.	Ministry of Industry, Tourism, Forest and Environment	1	
4.1	Forest Directorate	1	Kailali
	Forest Research and Training Center	1	Kailali
	Division Forest Office	10	Achham, Kanchanpur, Kailali(2), Dadeldhura, Doti, Darchula, Bajhang, Bajura, Baitadi
	Soil and Watershed Management Office	2	Doti, Dadeldhura

S.N.	Ministry/Line Agency	Number	District
4.2	Province Tourism Development Program Implementation Unit	1	Dhangadhi
4.3	Industry, Commerce and Consumer Welfare Protection Directorate	1	
	Cottage and Small Industries Office	2	Kanchanpur, Kailali
	Cottage and small Industries Development Committee	7	Doti, Dadeldhura, Baitadi, Bajhang, Bajura, Achham, Darchula
5.	Ministry of Physical Infrastructure Development	1	
5.1	Transport Infrastructure Directorate	1	Doti
	Office of Transport Management	2	Kanchanpur, Kailali
	Office of Transport Management Service	2	Doti, Dadeldhura
5.2	Infrastructure Development Office	4	Achham, Kailali, Dadeldhura, Baitadi
5.3	Office of Urban Development and Building	3	Kailali, Doti, Baitadi
5.4	Drinking Water and Sanitation Division Office	3	Kailali, Baitadi, Doti
5.5	Water Resources and Irrigation Development Division Office	8	Achham, Kanchanpur, Kailali, Dadeldhura, Doti, Darchula, Bajhang, Baitadi
	Water Resources and Irrigation Development Sub-Division Office	1	Bajura
5.6	Groundwater Resource and Irrigation Development Division Office	1	Kailali
	Pathraiya-Mohana Irrigation Development Office	1	
	Road Division Office	1	
6.	Ministry of Social Development	1	
6.1	Education Development Directorate	1	Doti
	Education Training Center	1	Doti
6.2	Health Directorate	1	
	Health Office	9	Dadeldhura, Achham, Kailali, Baitadi, Doti, Kanchanpur, Darchula, Bajura, Bajhang
	Zonal Hospital	2	Kailali, Kanchanpur
	District Hospital/others	7	Achham, Doti, Darchula, Bajhang, Bajura, Baitadi, Kailali
	Ayurveda Dispensaries	2	Dhangadhi, Kanchanpur
	District Ayurveda Health Center	7	Achham, Doti, Darchula, Bajhang, Baitadi, Dadeldhura, Bajura
	Vocational and Skill Development Training Center	2	Kailali, Kanchanpur
	Province Health Supplies Management Center	1	
	Province Public Health Laboratory	1	
	Health Training Center	1	

S.N.	Ministry/Line Agency	Number	District
7.	Ministry of Land Management, Agriculture and Cooperatives	1	
7.1	Agriculture Development Directorate	1	Doti
	Agriculture Knowledge Center	6	Achham, Bajura, Bajhang, Baitadi, Dadeldhura, Kanchapur
7.2	Livestock and Fishery Development Directorate	1	Doti
	Veterinary Hospital and Livestock Service Specialist Center	5	Bajura, Bajhang, Baitadi, Dadeldhura, Kanchapur
	Livestock Service Training Center	1	Kailali
	Vegetable Germplasm Culture and Seed Production Center	1	Dadeldhura
	Dry Fruits Development Center	1	Baitadi
	Agro Business Promotion, Assistance & Training Center	1	Kanchapur
	Fisheries Development Center	1	Kailali
	Crop Protection Laboratory	1	Kanchapur
	Soil and Fertilizer Test Laboratory	1	Kanchapur
	Seeds Laboratory	1	Kanchapur
8.	Provincial Assembly Secretariat	1	
9.	Office of the Chief Attorney	1	

Established in 2014, Democracy Resource Center Nepal (DRCN) is a non-governmental organization focusing on research and observation of social and political issues in Nepal. DRCN has produced objective and field-based research around Nepal's Constitution, state restructuring process, and implementation of federalism. DRCN also observed all phases of the local, provincial and federal elections conducted between May and December 2017.

After the adoption of a federal structure, provincial ministries and other transitional institutions under their jurisdiction were gradually established. The task of managing employees at the provincial level through employee integration was also at its final phase. Offices under the provinces had begun their functioning. Each province was in the process of reshaping the existing transitional arrangement made by the federal government regarding their administrative structure and employee management to meet their particular needs. The functioning of the provincial institutions would lead to the stability of provinces.

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