
AGRICULTURAL FUNCTIONS, INSTITUTIONS AND POLICIES IN THE CONTEXT OF SECTORAL RESTRUCTURING IN NEPAL

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ABSTRACT: *The restructuring of the agriculture sector in Nepal has changed the overall governance system of the sector. In this context, we examined the current status and scenario of functions, institutions, and policies related to agriculture in order to illuminate further policy issues which require attention in the changed governance structures. A study was done in three Municipalities (one from Province 1, and 2 from Karnali Province), in Karnali Province overall, and at the Federal level. Qualitative methods, such as eight focused group discussions (FGDs), 50 key informant interviews (KIIs), and direct observations at selected institutions at all levels were undertaken to collect data. Findings revealed that the three tiers of governments have established institutions, and simultaneously are formulating policies according to their constitutional authority. However, the key findings from the FGDs and KIIs have clearly revealed that there is a distinct lack in coordination between the three levels of the governments. Furthermore, the deficit in institutional arrangements has been observed at Province level for several functions - such as the standardization of quality, implementation of regulations, and supply and management of seeds, fertilizers and pesticides. Another important observation is that the Federal level has heavy institutional structures with more implementation arrangements which contradicts the notion of decentralizing agriculture service delivery to local levels. The Federal level clearly needs to increase the support for establishment and strengthening of the institutional arrangements at local and provincial levels to ensure efficient agriculture sector federalization.*

KEY WORDS: constitution, federal, governance, local level, province, unbundling

INTRODUCTION

The growth and development of the Nepalese agriculture sector is crucial to reducing poverty, increasing the income of the people, and overall economic prosperity of the country (NPC, 2019; ADS, 2014). To achieve these objectives, the institutional arrangements and policies of this sector are evolving continuously to meet the new socio-economic and political context of the country. Nepal initiated institutionalized agricultural services since 1955 with the establishment of Department of Agriculture (DoA) and its district based District Agriculture Development Offices (DADOs) (Thapa, 2010 and 2005; Sharma and Bhandari, 2005). During early 1990, focus had given to establish and strengthening Agriculture Service Centres as grass-root institutions for agriculture service provisions (Kyle and Resnick, 2016; Thapa, 2010

and 2005; Sharma and Bhandari, 2005). During 1995, the Government of Nepal (GoN) formulated the Agriculture Perspective Plan (APP, 1995), the first comprehensive twenty-year sectoral plan (1995/96 to 2014/15) which had twin objectives - reducing poverty and sustainable agriculture growth.

In 1999, the GoN enacted the Local Self Governance Act (LSGA, 1999), after which efforts were made to decentralize the agriculture services to local bodies at the then district level, in order to increase participation of the local people in planning, implementation and monitoring activities. However, the decade long Maoist insurgency (1996-2006) had significant implications for the political economy and the society of the country (Upreti and Müller-Böker 2010; Upreti 2009), and the agriculture service delivery institutions were also affected during this 10-year period - during which Nepal continued the DoA-led centralized agriculture service delivery system through district-based DADO and DLSO. During this period, the major policy formulation related to the overall sector – this included the National Agricultural Policy of 2004 (MoAC, 2004). In 2014, GoN endorsed the Agriculture Development Strategy (ADS, 2014), a 20-year roadmap (2015-2035) covering all aspects of agriculture sector development. The new Constitution will have a profound impact on the means by which the ADS could be implemented- a case of the cart coming before horse. These scenarios show about ups and down and several attempts to stabilize the systems and policy issues.

In 2015, with the promulgation of the new Constitution, Nepal entered into the federal structure with three levels of the governments; Federal, Provinces (7) and Local (753 Rural and Urban Municipalities). The power and functions in relation to the agriculture sector are also provisioned constitutionally (Schedule 6, 8 and 9) at each level of the new government (Constitution of Nepal, 2015). This provision in the constitution has brought major changes in agriculture governance which will have significant impacts on the sector. However, no systematic study has yet been undertaken to assess the sectoral restructuring process is progressing nor on the impacts on agriculture sector development in Nepal.

In this context, this research was undertaken with the objective of examining the agriculture functions, institutions and policies that have emerged from the sectoral restructuring. The agriculture sector restructuring would have a significant impact on the farming communities and overall growth of the agriculture sector. Therefore, the purpose of the study is to examine how these processes have moved forward in terms of sectoral functions, establishment of institutions and formulating policies. The research questions for this study were; i) whether the functions related to the agriculture sector are translated at each level of the government according to the exclusive and concurrent powers in the Constitution; ii) how each level of the government has set up their institutional mechanisms, and defined the various roles and responsibilities; and iii) what is the status of the policies that would be required to implement the agricultural functions at each level in the changed context. The study findings from this analysis would suggest the appropriate courses of action to follow for more productive and sustainable agricultural development in the new federal context.

CONCEPTUAL FRAMEWORK

Restructuring of the agriculture sector in Nepal is based on the principle of shared and self-rule as per the provision of the Constitution (Figure 1). Schedules 6 and 8 elaborate the exclusive powers (self-rule) of the Provinces and Local levels respectively whereas schedule 9 outlines the concurrent powers (shared rule) of the 3 tiers of government (Constitution of Nepal, 2015).

The inter-governmental relationship has been based on the principles of cooperation, coordination and coexistence while exercising their respective functions. Based on this principle, the Provinces and Local governments are responsible for establishing their own institutional mechanisms, and formulating policies independently, according to their needs. Since decentralization increases responsiveness to local needs (Smith and Revell, 2016), transforming politics from top-down to bottom up (Faguet *et.al*, 2014), federalism adds a localized and local issue specific governance structure (Khatriwada, 2007). With the innovations in institutions and policies, agricultural institutions are expected to reach closer to a greater number of farmers. With these postulations, the following conceptual framework (Figure 1) has been used to analyze functions, institutions and policies in the course of sectoral restructuring. Here, the changes of functions, institutions and policies are considered as the effect of sectoral restructuring - that is decision-making power and functions related to agriculture as provisioned in the Constitution of Nepal.

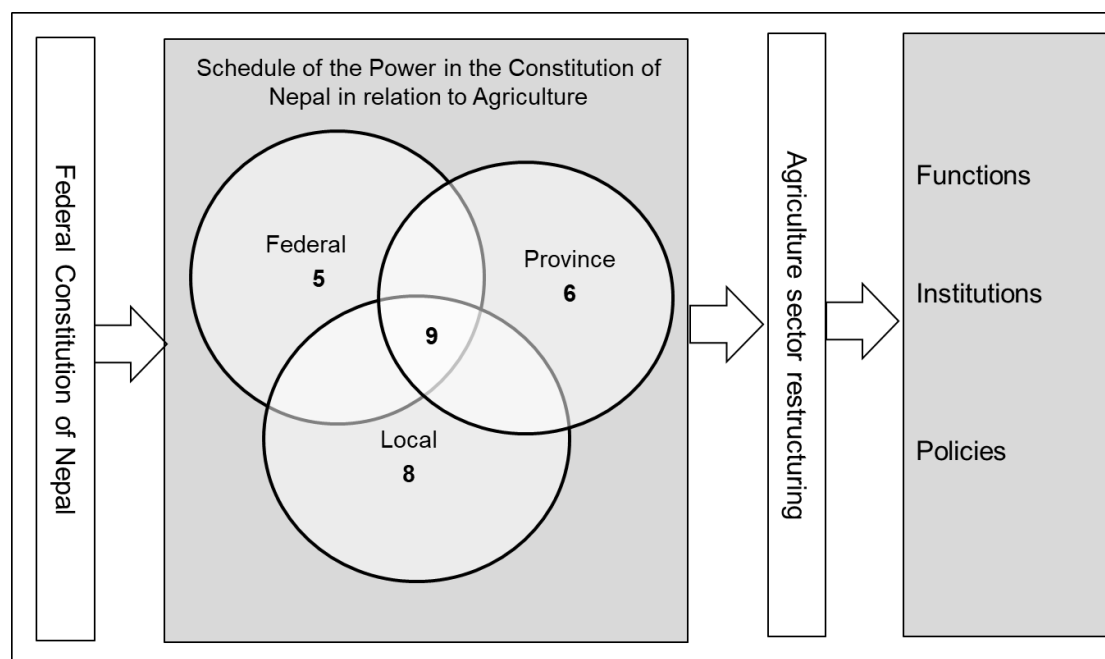


Figure 1. Conceptual framework for the analysis of major functions, institutions and policies in relation to agriculture sector restructuring in Nepal

METHODOLOGY

Study sites

This research was done at Local, Province and Federal levels. Accordingly, three Municipalities, Belaka from Province 1, and Musikot and Simta from Karnali Province were purposively selected based on the progress in institutional setup (e.g. the establishment of a municipal level Agriculture Development Section and Livestock Development Section, the Economic Development Committee, the Agriculture Development Committee and a monitoring mechanism), formulation of policies and their translation into practice. Belaka Municipality has received national and provincial level recognition (GoP, 2020) in terms of sectoral policies, planning, resource allocation and service delivery approaches (such as sectoral staff management who are all locally contracted), farmer categorization and the issuing of identity cards to all farmers. Furthermore, Belaka established partnership and coordination with a wider range of actors such as the concerned Federal and Province Ministries, private sector organizations and development partners for agricultural development. It represents inner-terai to terai farming conditions with an altitude ranging from 136 to 1,200 masl (Belaka Municipality, 2018).

Simta rural Municipality was selected based on the progress made in establishing institutions and the emphasis on involving the local elected officials in formulating sectoral policies such as the agriculture sector development plan and poverty reduction strategies. Simta has mixed staffing, both transferred from the Federal government and locally contracted staff for the operationalization of the agriculture functions, and it represents the lower to mid-hill farming condition with altitude ranging from 600 to 2,200 masl (Simta Rural Municipality, 2019).

Musikot Municipality was selected based on the progress they have made in institutional setup and in formulating legal and policy instruments. All staff in Musikot have been transferred from Federal government offices, and the Province ministries consider this municipality as an important focus for agricultural development activities and service delivery. It represents the mid-hill to mountain farming conditions and has an altitude range of 800 to 2,800 masl (Musikot Municipality, 2018).

Karnali Province was selected due to its diverse geographic conditions, its progress in establishing institutional mechanisms and policy instruments established in relation to the agriculture sector, and the fact that most of the population of this Province depends on agriculture for their livelihood, employment and income. The Province Ministry of Land Management, Agriculture and Cooperatives (MoLMAC) has initiated some distinctive agricultural programmes - such as organic agricultural production, absentee land management schemes, and partnerships with the Agriculture and Forestry University and Nepal Agriculture Research Council (NARC) for study and organic agriculture research activities. The agriculture sector is providing 33% of the provincial GDP, and this sector is considered as a key area for growth potential in employment and income (PPC, 2019).

Research methods and data analysis

This study applied qualitative research methods to collect primary data which was undertaken between November 2019 and December 2020 to capture in-depth information in relation to agricultural functions, institutions and policies in the federal context. A total of 8 focused group discussions were conducted at each of the three Municipalities and Province level institutions. Discussions with each focused group (a composition of sectoral staff, local elected officials, and sectoral committee members) lasted between one and two hours, and were conducted at the office premises of the local and provincial level institutions. Furthermore, in depth interviews were conducted with key informants (n=50), each of which was between 30 and 45 minutes long.

The key informants were selected purposively to garner local knowledge, and with those who had direct engagement in political decision making, as well as implementation experience in the agriculture sector restructuring process. The informants included; a) from Municipalities, the elected officials (Mayors, Deputy Mayors and Ward Chairs), and selected sectoral staff and members of the Agriculture Development Committee and Economic Development Committee. These thematic committees at the Municipalities are led by elected representatives and responsible for the overall planning, coordination and monitoring of agricultural activities at the municipality level; b) in the Karnali Province, selected officials from the Ministry of Land Management Agriculture and Cooperative (MoLMAC), the Directorate of Agriculture Development, the Directorate of Livestock Development, the Agriculture and Livestock Business Promotion and Training Centre, the Agriculture Knowledge Centre – AKCs (Agriculture Development Offices- ADOs, in Karnali Province), the Veterinary Hospital and Livestock Expert Centres-VHLECs (Veterinary Hospital and the Livestock Service Offices in Karnali Province) were interviewed; and c) at the Federal level, interviews were conducted among selected officials from the Ministry of Agriculture and Livestock Development (MoALD), the Department of Agriculture (DoA) and its Development Centres, Department of Livestock Services (DoLS), institutions under MoALD, officials from sectoral national projects and independent experts who are engaged in developing policies related to agricultural services.

Direct observations were made at the municipal and provincial institutions to observe the institutional set up, staffing and policies. This study also used secondary information and reviews of relevant literature; important amongst these were the constitutional provisions and functions elaborated in the 2015 Constitution, the LGOA, other agriculture sector related acts, and various guidelines, strategies, policies and plans at Federal, Province and Local level. The qualitative data were analysed through a thematic analysis framework - i.e. familiarization with data, initial coding, searching themes, reviewing themes, defining and naming themes and report production, as described by Braun and Clarke (2006).

The long government-enforced countrywide lockdown and restriction of movement (late February to September 2020) due to the Covid-19 pandemic was a major challenge during the cross verification of the field data, which was largely undertaken by virtual meetings, telephone calls and written communications as required.

RESULTS AND DISCUSSION

Agricultural functions

Each level of the governments, Federal, Province and Local, has defined their functions related to agriculture. The major agriculture functions included; i) legal/policy related, ii) standard, quality, supply, management and regulatory, iii) agricultural development, iv) coordination with bilateral and multilateral organizations, v) trade, vi) service delivery and vii) research related. Table 1 provides a summary of the major functions at each level in relation to agriculture in the process of sectoral restructuring. The analysis of the functions indicates that there is a clear shift of roles and responsibilities from national to provincial and local level – for example, agricultural development functions are shifted from central to provincial governments whereas agricultural extension services are devolved to local governments.

Table 1: Summary of the major agricultural functions at each government level in Nepal

Major functions	Federal level	Province level	Local level
Policy, law, standardization and regulatory functions	National policy, standard, regulation, food security, food rights and food sovereignty	Provincial policy, standards and regulation, provincial food security	Local policy, standards, regulation, agro-product management and animal health
Research, education and data management	Statistical system of national standards, study, research, protection of resources	Provincial level data management, study, research, and development on food technology, related to agriculture and livestock	Local level data and information system management
Trade and coordination	International trade, regulation, accreditation, and coordination with multilateral/ bilateral agencies for agriculture development	Minimum price implementation of agricultural products	Coordination with farmer groups, cooperatives and local organizations, strengthen and regulate farmer groups, cooperatives
Implementation of Agriculture Development Activities	Inter - province agriculture development of agri-livestock industry and businesses, control of epidemic in agriculture and livestock	Development of agriculture markets and their operation, crop and livestock insurance, establish and operate crop and livestock lab facilities	Local level agriculture markets, supply of agriculture materials, animal breed improvement, management of local pasture and barren land
Agricultural Service Delivery	-	Capacity development and empowerment of farmers	Operation, management and control of agricultural services, mobilization of local human resources for service delivery, and crop /livestock insurance

Source: Key Informants interviews and Focused Group Discussion, 2020

As documented in the constitutional schedules of power (6, 8 and 9: FIARCC, 2016) and the LGOA (2017), the Federal level has 14 concurrent functions related to national level legal/policy, regulatory, quality control, international trade, research, and coordination with development partners. The Province is mandated to take responsibility for 20 functions related to agricultural development and provincial level policies and regulation, whereas the local level is responsible for agriculture service delivery and local level agriculture development.

The functional elaboration of the sector indicates that the Province would remain the focal point for technical backstopping and resource management functions for overall agricultural development activities. Moreover, the new Constitution has provided the local governments to full authority, autonomy and accountability on agricultural service delivery and local agricultural development activities. These changes will have significant impacts on establishing institutional mechanism, formulating local policies and programme, resource allocation, and mobilization of human resources to deliver context specific agricultural services.

The analysis of the agriculture sector functions of Federal, Province and Local levels revealed that there is overlap of some functions between the different levels. For example, functions such as supply and regulation of seeds, breeds, fertilizers, and pesticides at both Federal and Province level may duplicate each other unless clearer specifications are detailed. Likewise, the functions "Agriculture development", "matters relating to agriculture extension" and those relating to training and capacity development and empowerment of farmers at provincial level is poorly defined, are unclear, and overlap with the Local level.

Besides the functional overlap, there are also issues of missing functions during the unbundling of agriculture related authority (schedule 6, 8 and 9). For example, there is no clear demarcated function relating to coordination and linkages between the institutions of each level. Furthermore, regulation of cooperative farming, contract and lease farming, and functions related to public private partnership are also missing. These observations agree with Shrestha, (2019) and Bishwakarma *et.al*, (2020). The unbundling report has remained a milestone for the implementation of the new constitution (FIARCC, 2016), but the report must be supported by additional study and analysis.

Institutions

It is observed that Federal, Province and Local level governments have established institutional mechanisms and defined their roles and responsibilities to operationalize the agriculture functions. Table 3 summarizes the major institutions that have been established at each level, along with their respective roles.

Table 2: Major Agricultural Institutions established at different government levels, and their roles

Level	Institutions	Examples of Major Functions
Federal	Ministry of Agriculture and Livestock Development (MoALD), Departments and their Centres, NARC and its research stations	<ul style="list-style-type: none"> • National level policies • International agriculture trade, accreditation of standards • Quality control, certification, regulation and monitoring • Coordinating bilateral/ multilateral agencies in agriculture sector • Technical backstopping to federal and provincial institutions, implementation and monitoring of federal programmes • Agriculture research, documentation of research activities
Province	Ministry of Land Management, Agriculture and cooperatives, Directorates, AKCS/ADO, Veterinary Hospital and Livestock Service Offices	<ul style="list-style-type: none"> • Provincial policies • Agriculture and livestock development and promotion, cooperatives management • Planning, implementation and monitoring of agriculture related programmes • Agriculture development and extension services, provision of expert services to farmers • Provincial level sectoral coordination
Local	Municipal Agriculture Development Committee Agriculture Development Section Livestock Development Section	<ul style="list-style-type: none"> • Local level policies, norms, standards related to agriculture development and agricultural services • Overall sectoral coordination and facilitation for planning, policy formulation and monitoring at local level • Planning, implementing and monitoring of agriculture development activities • Agricultural service delivery • Supply and management of agro inputs such as seed, breeds, pasture land

Source: Key Informants interviews and Focused Group Discussion, 2020

The Federal level has established altogether 115 offices from central to local levels. Among these institutions, some have defined their roles such as quarantine, quality control and regulation functions - for example, offices have been established for quarantine and food quality control. Some are in a transitional phase such as the Agriculture Information and Training Centres, and some of them are still with implementation roles such as DoA and DoLS. The Federal Ministry of Agriculture and Livestock Development has also established separate programme implementation units for implementing various national projects and priority programmes. For example, 122 separate programme implementation units (106 Zone and 16 Super Zone) at Province and Local levels have been established for implementing the Prime Minister's

Agriculture Modernization Project (PMAMP) by MoALD. Furthermore, the Federal level has rearranged some institutions under the MoALD and DoA – previously different Directorates have been merged with other institutions, and changed organogram and roles defined. For example, the previous Vegetable Development Directorate, National Potato Crop Development Programme and National Spice Crop Development Programme have been merged and formed National Potato, Vegetable and Spice Crop Development Centre. Nine such central agencies, three under MoALD and six under DoA, have been established as the centre of excellence for particular crop or commodity and related services. Such central agencies have been established for agronomic crops, horticulture crops and industrial insects, and other related services and facilities with their respective implementation units at different locations. These Centres are supposed to provide expert services to the federal government such as policy feedback, technical backstopping, promotional and development related activities, and act as the focal offices at federal level for the respective crops and related services. These Centres do not have direct linkages or coordination with the provincial and local level institutions.

Each Province has established a Ministry of Land Management Agriculture and Cooperatives (MoLMAC) which is a milestone in the establishment of agriculture related institutions at provincial level. The Karnali Province MoLMAC has established a total of 18 offices, which include the Directorate of Agriculture Development, the Directorate of Livestock Development, the Agriculture and Livestock Business Promotion Training Centre, and an Integrated Agriculture Laboratory. The previous District Agriculture Development Offices (DADOs) and District Livestock Service Offices (DLSOs) have been replaced by the Agriculture Development Offices (ADOs) and the Veterinary Hospital and Livestock Service Offices (VHLSOs) respectively, which all fall under the provincial MoLMAC. Currently, however, the Karnali provincial set up does not include any agriculture research institution, which indicates that the research system is yet to be decentralized to provincial level.

All of the local levels investigated have established Agriculture Development and Livestock Development Sections. These Sections are responsible for operationalizing the functions related to agriculture and livestock development and agricultural service delivery (summarized in Table 1). Municipal Agriculture Development Committees have been established in each Municipality under the leadership of the elected representatives to facilitate municipal programmes and coordination, monitoring and policy formulation matters. The institutional set up at local level is very slim in relation to its roles and responsibilities in regard to agriculture development.

The FGDs and the KIIs express that there are several issues of mismatch in the current institutional set up in relation to the functions as elaborated in Table 1. The federal level has been trying to adjust the previously existed institutions rather than setting up institutions based on the new functions and needs in the federal context. This has resulted heavy institutional set up (i.e. in terms of size, number and human resources) with holding more power and authority at federal level. For example, the promotional and development related functions are devolved to the Provinces but the DoA, DoLS and the PMAMP offices of Federal levels are continuing these functions and holding

significantly large number of human resources. Furthermore, the institutions at Province level such as the Directorate of Agriculture Development, the Directorate of Livestock Development, the district based ADOs and the VHLSOs are heavily engaged in agricultural service delivery, which is the mandate of local governments. Moreover, the Province lack the institutional arrangement for implementing functions such as regulatory (e.g. standard and quality control), market related (e.g. supply of seed, fertilizers), research (e.g. food technology) and agriculture related infrastructures.

Moreover, the FGDs and KIIs highlighted that at local level, there is very slim, poorly staffed institutional arrangements for operationalizing their 23 functions related to agriculture (e.g. agriculture and animal husbandry, agro-products management, and operation, management and control of agricultural extension). This unbalanced institutional arrangement has been creating confusions at the Province and Local level and, they are facing several challenges to fully exercise their functions as mandated by the new Constitution.

The current institutional set up related to the agriculture sector in Nepal is based on various legal Acts and Regulations - such as the Staff Adjustment Act (GoN, 2017), the GoN (Work Division) Regulation 2017, LGOA (2017), Work Division Regulation of Karnali Province (GoP, 2017; 2019), and survey (MoFAGA, 2018). However, the FGD and the KII revealed that there is less political engagement resulting less priority and the ownership in administrative restructuring. Furthermore, due to limited exercise and explicit strategies, there are issues of mismatch of institutions and their roles in relation to agriculture development including agricultural service delivery. These findings agree with the observations of Ahmad *et. al*, (2005). Furthermore, the institutional arrangement such as the PMAMP units, the Crop Development Centres of the Federal level, and the ADOs and the VHLSOs of the Province level has clearly indicated that each level of the government has tendency of reaching to the people directly. These observations agree with documented explanations that in such intergovernmental overlapping authority models, each level of the government has a tendency to act directly with the citizen (Obi, 2019; Sharma, 2018; Agranoff and Radin, 2014; and Benjamin, 2004). Therefore, the overlapping functions and the lack of clearer roles of each institution at three levels of the government is a current challenge of sectoral restructuring as observed by Subedi *et.al*, (2019).

The above inconsistencies in the institutional arrangements at different levels shows that the current power dynamics are in favour of retaining the heavy structures at federal level as observed by von Braun (2017) and Luck (2005), which is creating a capacity gap at Province and Local levels as explained by Acharya (2018). As explained by Batley (2004), the weak political engagement in administrative restructuring has often delayed the defining of the new roles and responsibilities of the respective institutions, and thus the rearrangement of roles and responsibilities at the different levels of government. Such a situation often creates confusions and conflicts about roles and responsibility between the three levels. To reduce such overlapping of institutional arrangement, there needs to be a very clear demarcation of roles and responsibilities of each institution at all levels of government.

Policies

It is found that each level has formulated several policy instruments to operationalize their agricultural functions, and execute their roles and responsibilities. Based on their nature, these legal documents can be defined as: i) Acts, ii) Regulations, iii) Policies/Strategies, and iv) Guidelines/Directives. Table 3 summarizes the current status of these instruments related to the agriculture sector, and formulated by each level of the government.

Table 3: Status of Acts, Regulations, Policies, and Guidelines at the 3 government tiers to operationalize the Constitutional power related to agriculture sector

Level	Acts	Regulations	Policies/Strategies	Guidelines/Directives
Federal	11 Acts e.g. Rights to Food and Food Sovereignty Act	11 Regulations (both existing and new) e.g. regulations related to Consumer Rights, Cooperatives, and Seed	28 policies/strategies e.g. Agriculture Development Strategy, National Fertilizer Policy, Irrigation Policy, National Land Use Policy	24 Guidelines (both existing and new) related to planning, implementation and monitoring of agriculture development activities and service delivery
Provincial (Karnali)	Cooperative Act, Organic Agriculture Act, (all new)			24 Guidelines (all new)
Local (Belaka, Simta and Musikot)	Acts such as Local Level Agriculture Act, Agribusiness Promotion Act, Local Level Cooperative Act		2 Policies, i.e. Agriculture policy, Agriculture market promotion policy	11 guidelines

Source: Key Informants interviews and Focused Group Discussion, 2020

The Federal level has several Acts, Regulation, Policies/Strategies, Guideline and Directives which were formulated many years ago, during the unitary government system and the transitional period before and after the Federal Constitution in 2015. At the Federal level, Food Right and Food Sovereignty Act, (GoN, 2019) is the only recent Act formulated in the Federal context to translate the fundamental rights (Article 36) of the Federal Constitution of Nepal into action. This Act defines the role of the Federal level institutions and outlines the provisions related to food security, food rights and food sovereignty at Province and Local levels. The ADS formulated in 2014 remains the main road map for the Federal level for agriculture development in the country for the period 2015 to 2035. All together 22 guidelines and 19 directives to operationalize agricultural functions have been formulated by Federal level. The guidelines and

directives are mostly related to implementation rules, regulations and programmes at the Federal level.

The Karnali Province has formulated the Cooperative Act and Organic Agriculture Act in 2019; the latter provides the legal framework for developing standards and regulations, policies, guidelines and directives for commercialization and diversification of organic agricultural produce in the Province. The Karnali Province MoLMAC has formulated and endorsed 24 guidelines to implement agriculture development activities. However, the Province is yet to formulate a legal instrument to respond to Article 51 which is related to increasing production and productivity through consolidation of land and land use policy, land management, commercialization, diversification and modernization of the agricultural sector, and farmers' access to agricultural inputs and markets. Moreover, the Province is yet to prepare a provincial level strategy for overall agriculture development.

All three Municipalities that were investigated have formulated Local Agriculture Act, Agribusiness Promotion Acts and Cooperative Acts to respond to the provisions of Article 51 of the Constitution as mentioned above. The Local Level Agriculture Act has provided the legal framework for the institutional mechanism of agricultural service delivery, mobilization of plural actors, subsidy provisions, and conservation, protection and utilization of local resources for overall agriculture development. The local Agribusiness Acts are related to agricultural enterprises, and local agriculture market development and its operations. The Local Level Cooperative Acts provides a legal framework for registering, strengthening and regulating cooperatives at the local level. Belaka and Simta Municipality have formulated agriculture sector strategies for guiding the overall agriculture development activities and monitoring progress. Furthermore, these municipalities have formulated 11 types of guidelines related to agriculture based on the provisions in the LGOA and the above-mentioned local level Acts, and strategies for implementing agriculture development activities and service delivery. These policy instruments at local level have provided local government the legal basis to operationalize the agriculture development activities and deliver agricultural services to the farmers. This scenario clearly explains that the Municipalities are ahead of the Province and Federal levels in formulating such policy instruments. When discussing with one of the focus groups on what factors motivated or enforced the municipalities to formulate such policy instrument, the Deputy Mayor of Musikot commented as follows:

Without such policy instruments, we faced challenges such as allocating resources, difficulties in implementation and monitoring, and we faced financial risks and conflicts among staff and the elected officials. These situations demanded of us to ensure we had established legal provisions for provision of agricultural services". (Interview, February 12, 2020; Musikot Municipality)

The FGDs and KIIs expressed two major concerns in the existing trend of policy formulation process; i) issues related to legality of the guidelines and directives in the

absence of Acts, Regulations and strategies and, ii) poor harmonization of policies between the 3 tiers of the government.

The Federal and Province levels, have been formulating various guidelines and directives based on the annual policy and programmes for endorsement by either the Secretary or Minister levels of the respective line ministry - but due to the absence of an Agriculture Act, there have been increasing concerns on the legality and accountability of such guidelines. A few of these guidelines - e.g. the Federal level lime crop production guideline, fruit crop expansion in the public and private land programme implementation guideline were formulated on the basis of Clause 14 of the Good Governance Act (GoN, 2008) due to absence of Agriculture Act. Furthermore, Karnali Province does not yet have any regulation and strategies/policies related to agriculture development. Due to the absence of a provincial agriculture policy, there is high risk of frequent changes of guidelines, variations in norms and standards, and reduced trust from farmers and other beneficiaries. Due to the lack of an Agriculture Act and policies, the Province level institutions are facing challenges in effective coordination for planning, implementing and monitoring of agriculture development programmes. This scenario clearly indicating that the Federal must have Agriculture Act and the Province must have an Agriculture Act and strategy to standardize agriculture functions and improve overall governance of the agriculture sector.

Each level of the government is independently formulating policies and strategies without coordination, which has resulted poor ownership and their limited translation from Federal to Province to Local level and vice versa. For example, the Federal level considers The ADS as the major basis for formulating national plans and programmes where as the Province and Local levels are indifferent to this strategy while formulating their policies and programmes. These observations indicate the situation of poor linkages and coordination as observed by Bishwakarma *et.al* (2020), Shrestha (2019), and need of interdependence as explained by Karki and Sapkota (2019), and Benjamin (2004). Moreover, the Federal and Province have formulated several guidelines that have provisioned different committees for programme implementation. These committees often contradict, duplicate, and undermine the committees that have been established at the Local levels. This situation clearly shows that there is a need of policy debate in agriculture sector restructuring between 3 levels of the government.

Research Implications

The research used qualitative methods especially focused group discussion and key informants' interviews to explore in depth information. Such methods were found effective in new context and recent development- particularly identifying progress and gaps in change governance structures. The findings of this research documented in this paper indicates that there are several functional, institutional and policy issues which need immediate attention in the agriculture sector restructuring process in Nepal. Furthermore, wider participation of local elects, sectoral staff and various committee members during the research are expected to build ownership of the research findings. The federal context is very recent phenomena of Nepal and hence such type of research would have significant contribution both in the policy dialogue and academic literature.

CONCLUSION

To accommodate the spirit of the new Constitution, Nepalese agriculture sector restructuring demands a historical shift in sectoral functions, institutions and policies at all level of the governments. The functions related to agriculture development activities have been transferred from federal to provincial level, and agricultural service delivery function has been devolved to the local levels. The local governments have formulated Local Agriculture Acts which have been found to be crucial for the delegation of legislative authority to executives, especially in the formulation of guidelines, norms and standards for implementing agriculture development activities and agricultural service delivery at the local level. However, the Federal and Province Level Agriculture Acts are yet to be formulated, which is creating delay and confusion in specifying roles and responsibilities of institutions of Federal and Province level. Though the restructuring of the agriculture sector is based on the spirit of the new Constitution and the elaborated functions therein, there are some mismatches in the current institutional set up, and a deficit in functions and policies at all levels which need to be addressed urgently to ensure effective sectoral restructuring. The very slim institutional set up at local level, which has been facing several challenges to fulfil the roles mandated by the constitution, is concerning. Hence, there is a clear need to revisit the current trends, and clearly specify the roles and responsibilities of each level. The Federal level institutions should transfer the implementation and service delivery roles to the provincial and local level institutions and facilitate a significant strengthening of their capacities.

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