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**FEDERALISM AND THE COVID-19 CRISIS:
NEPAL'S CONDITION AND EFFORTS¹**

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The Constitution of Nepal 2015 transformed the country by establishing a federal structure consisting of 7 Provinces, 77 districts, and 753 local bodies, making Nepal the youngest federal state in the world. The constitution distributes competences in various sectors, including the health sector, among the 3-layered government structure. The federal government is assigned the authority to formulate health policies and regulate health services, determine and monitor health standards, run specialized hospitals and traditional treatment services, and control contagious diseases. While the provincial governments have the authority to provide general health services, the local governments have been made responsible for providing basic health services and sanitation².

Despite the introduction of the federal system, Nepal currently remains in the transitional period of transferring powers and responsibility. Therefore, the provincial and local governments still lack resources and depend on the federal government for infrastructure support and manpower, as well as economic and physical resources.

Nepal encountered its first case of COVID-19 in the first week of January, when a student returning from Wuhan, China was positively diagnosed. The next confirmed case was detected in a Nepalese returning from the Middle East in the last week of March. The first week of April saw more cases as Indian nationals travelling to Nepal from India were positively diagnosed. By the third week of April, the number of confirmed infections in Nepal reached 42. This has raised the risk of the number of infections increasing further in the country over the next few weeks.

Public health experts have identified that the spread of COVID-19 generally progresses through three stages. It is first brought into the country by infected individuals returning from abroad. It is then transferred locally to the people they are in immediate contact with. Finally, the infection spreads independently within the community. The situation will be perilous if Nepal enters the third phase. Thus, as the country battles to contain the virus within the second phase, it has halted all domestic and international flights, suspended all non-essential activities, and imposed a nationwide lockdown. The federal government, under the eight-member highlevel committee, has made various efforts to identify, isolate, and treat individuals infected by COVID-19 and has made preparations to stop its spread to communities. It is also collaborating with coordination committees led by the Chief Ministers in all seven provinces and action committees led by the Mayors and Deputy Mayors in 753 local bodies.

However, despite these efforts and the currently low number of cases in the country, Nepal has far from complete control over the spread of the virus. There have been



1. Este texto ha sido cedido por el Foro de las Federaciones para su publicación en los Cuadernos, también está publicado en <http://www.forumfed.org/>

2. Constitution of Nepal-2015, schedule 5, 6 and 8.

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incidents of people violating the lockdown and leaving their houses for social contact. Enforcing the lockdown has been especially challenging in the southern part of Nepal due to its open border with India, where people are ignoring the restrictions to move between the two countries. Security personnel have been forced to step in to manage individuals violating the lockdown measures, who are either sent to quarantine or returned home after necessary counseling. In some areas, the police have even arrested small numbers of violators, used physical force, and fired warning shots to enforce the lockdown.

It has also been difficult to impose a complete lockdown in part due to the effects of the economic shutdown on daily subsistence laborers and poor families. With major industries closed, many laborers are struggling to survive in the cities and have thus opted to walk back to their villages. Provincial and Local Governments, and local leaders, are trying to solve the problems faced by people wanting to return home during the lockdown. Governments have worked through local governments to provide relief to people in need, and the Federal government has committed to reimburse the expenses incurred in doing so. However, concrete reimbursement plans are still not in place and the local governments have not been able to fully and efficiently implement effective relief distribution programs, except in a few specific cases. The relief provided from local sources is insufficient and this has resulted in a mass exodus of rural people from the cities.

In this dire situation, the federal government should focus heavily on the procurement of relief funds and their efficient disbursement through the local governments in all provinces. Instead, the government is embroiled in controversies concerning the procurement of low quality health equipment and its inability to provide adequate protective equipment to frontline health workers. Nevertheless, it is evident that the federal government is under immense pressure to play a major role in building the capacity of the provinces to combat the negative effect of COVID-19 and the precipitous decline in the national economy that will inevitably follow. Nepal's economic growth rate for 2020 has already been revised downward to only 2-3% against the original projected growth rate of 8.5%. The total GDP loss is forecast to reach three to four hundred billion Rupees.

A fall in revenue collection, a decline in foreign employment, a decrease in remittances, and a reduction in foreign currency reserves can also be expected. Moreover, the banks are at a risk of mass loan defaults, the agriculture sector will suffer, the tourism sector is projected to be at risk for at least two years, and there will also be a serious impact on employment.

In order to avoid immediate disruptions in the supply of essential foodstuffs, the government has permitted farmers and agronomists to continue seasonal plantations and harvest. The production and distribution of daily food items, including those produced by the poultry, fish and dairy industries, is permitted. Steps have been taken to ensure continued power supply and large-scale projects will continue to operate. Although these steps have alleviated some of the stress generated as a result of the lockdown, it is now important to plan approaches to tackling the economic crisis that is likely to follow. The National Planning Commission, Central Bureau of Statistics, and Central Bank of Nepal have already initiated studies on the potential economic impacts of COVID-19. The studies will provide deeper insights into the future of Nepal's economy – one that is seemingly going to be about battling past the crisis and then rebuilding with the support and cooperation of the global community. ■