

Situation Analysis

Environment-Friendly Local Governance (EFLG) in Nepal

(First Draft)

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Acronyms

CFUG:	Community Forest Users Group
DCC:	District Coordination Committee
EDCS:	Environment and Disaster Coordination Section
EFLG:	Environment-Friendly Local Governance
GESI:	Gender Equality and Social Inclusion
GoN:	Government of Nepal
HR:	Human Resource
INLOGOS:	Institute of Local Governance Studies
LAPA:	Local Adaptation Plan of Action
LDTA:	Local Development Training Academy
LG:	Local Government
LGOA:	Local Government Operation Act
M&E:	Monitoring and Evaluation
MoFAGA:	Ministry of Federal Affairs and General Administration
NAPA:	National Adaptation Plan of Action
NDC:	Nationally Determined Contributions
NGO:	Non-Government Organization
PFACD:	Planning Development Assistance Coordination Division
PG:	Provincial Government
PLGSP:	Provincial and Local Governance Strengthening Programme
PRTA:	Provincial Research and Training Academy
RERAS:	Renewable Energy for Resilient Agri-Food Systems
RSLUP:	Risk-Sensitive Land Use Plans
ToT:	Training of Trainers
UNDP:	United Nations Development Programme

Executive summary

Nepal has a strong policy and legal foundation to mainstream environment-friendly governance at local levels- including the Environment-Friendly Local Governance (EFLG) Framework, the National Adaptation Plan of Action (NAPA) and commitments in its NDC - and long experience with community-level natural resource management (notably community forestry). Government of Nepal (GoN) introduced the Environment-Friendly Local Governance (EFLG) Framework first time in September 2013 to promote environmental responsibility and create a sustainable, eco-friendly society at the household, village, municipal, and district levels. To ensure the constitutional right to a clean and healthy environment, GoN updated this framework in 2021 encouraging the local government (LGs) to adopt it. GoN has adopted the National Adaptation Plan (2021–2050) and has been implementing the National Urban Development Strategy since 2017. GoN has recently approved the National Urban Policy, 2024. The government has also internalized the Sustainable Development Goals (SDGs) at the national and sub-national levels. However, the current EFLG framework is missing some important milestones and indicators set by these policy documents.

Some of the LGs have incorporated the indicators of EFLG into their annual policies and plans. However, they are facing implementation challenges mainly because of the institutional capacity, financing and technical capacity. Though the LGs have dedicated sections or divisions for environment, sanitation, and solid waste they are missing EFLG-a cross-cutting theme- that requires coordination across multiple agencies. It has been observed that the LGs are institutionally weak in managing EFLG-related activities, including solid waste management, green roads, sanitation, and climate-resilient initiatives. They lack sufficient technical staff to handle these issues effectively. For instance, the Local Government Operation Act (LGOA) mandates the preparation and enforcement of Risk-Sensitive Land Use Plans (RSLUP). However, due to weak institutional capacity, LGs have been unable to enforce RSLUP effectively. The MoFAGA should incentivize the local government to conduct organization and management survey and recruit key staffs. The current EFLG framework does not adequately acknowledge the role of provincial governments (PGs) in its implementation. Some of the LGs have adopted the Public-Private Partnership (PPP) model in solid waste management, reducing administrative costs. The MoFAGA, in coordination with the provincial ministries of environment, can encourage other LGs to adopt this model nationwide. This would help reduce administrative burdens while promoting the circular economy and creating green jobs in Nepal. Each province has a dedicated ministry for climate change and the underscoring their crucial role in environmental protection and sustainable development. But, the coordination and cooperation among the PG and LG is not at a desirable level.

Environmental protection and climate-resilient sustainable development have been top priorities of development partners, including the United Nations Development Programme (UNDP) in Nepal. The UNDP is willing to support the government in piloting the programme to implement EFLG framework in selected LGs. This pilot programme will provide valuable knowledge and experience to further develop a national EFLG framework that will help kick-start its implementation across the country. The MoFAGA need to consult and coordinate with development partners in Nepal to design a national EFLG programme for implementation through LGs in coordination with the provincial government. Scaling proven local models (e.g., NAPA/LAPA-aligned actions, community forestry, and municipal waste pilots) and aligning local plans and budgets with national climate and environment instruments are high-impact priorities.

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1. Background

The Government of Nepal (GoN) developed Environment Friendly Local Governance Framework (EFLG) on September 2013. The aim to make the entire nation environment-friendly and achieve its indicators from the level of household, tole/settlement, village, municipality, and district. The Ministry of Federal Affairs and Local Development (MoFAGA) formulated the Environment-Friendly Local Governance Programme and implemented it in 14 districts, 54 municipalities, and 60 Village Development Committees starting from December 2014. The programme was launched for a period of four years. However, Nepal's varied topography and climate vulnerability make local governments as frontline actors to adopt the concept of EFLG as a wider concept to address the issues of climate adaptation, disaster risk reduction, biodiversity conservation, and service delivery. GoN has been encouraging from the past to these days the LGs to implement EFLG framework. The constitution of Nepal (2015) has mandates many service and planning functions including the environmental issues, to the LGs, creating both opportunities (local ownership, contextual planning) and challenges (uneven capacity across local bodies) to carry out their functions.

The United Nations Development Programme (UNDP) through its Renewable Energy for Resilient Agri-Food Systems (RERAS) project, aims to strengthen and institutionalize the EFLG in Nepal. UNDP is willing to provide technical support to MoFAGA to expand its capacity development support to LGs through incorporating EFLG in the training package used by the Provincial Research and Training Academy (PRTA) that is supported by the Provincial and Local Governance Strengthening Programme (PLGSP). Institute of Local Governance Studies (INLOGOS) is assigned to develop curriculum on EFLG and E-module for the PRTA. This action is expected to revisit the current EFLG indicators, and preparing a five days training package on EFLG that will help to support capacity enhancement of the LGs on implementing EFLG. This assessment report has been prepared to assess the current situation of EFLG implementation in Nepal.

2. Legal and Policy Framework

2.1 The Constitution of Nepal 2015 guarantees the right to a clean environment for all citizens in Nepal. Article 30 states that every individual has the right to live in a clean and healthy environment. The Constitution stipulates that victims of environmental pollution or degradation have the right to seek legal compensation for any harm caused.

2.2 Government Environment Policy: The National Environment Policy, 2019 of Nepal seeks to address severe environmental challenges caused by rapid urbanization and industrialization. Past fragmented efforts have proven inadequate, necessitating a new, integrated policy. Key objectives include sustainable development, improved governance, resource conservation, and climate change mitigation. The policy emphasizes public participation, equitable resource access, and balancing economic growth with sustainability.

2.3 The 16th Plan of Nepal prioritizes environmental governance, focusing on the promotion of climate-resilient development. Key strategies include addressing relevant climate issues, controlling pollution, and enhancing public health. The plan emphasizes sustainable forest management, the provision of environmental services, green development, and the protection of ecological systems and biodiversity. It aims to promote a green economy based on comparative

advantages, mobilize green financing, and localize environmental and climate issues. The plan envisions implementing several important programs, such as the Green Economy Promotion Program, Biodiversity Sustainable Conservation Program, and Pollution Control in Health Society Program, Climate Risk Reduction Program, and Local Adaptation Promotion Program.

2.4 Environment-Friendly Local Governance (EFLG) Framework-a national framework for mainstreaming environmental objectives into the local planning processes and integrating measurable indicators to the implementation of local plans and programmes.

2.5 National Adaptation Plan of Action (NAPA 2021–2050) - mandates integration of adaptation into local plans and budgets and promotes programmatic approaches over project-by-project interventions.

2.6 NDCs / Climate Change Policy / LAPA and NAPA instruments - emphasize local adaptation planning and mainstreaming climate into local development processes.

3. Objectives of EFLG Framework

The followings are the objectives of FELG Framework:

1. To mainstream issues related to environment, climate change adaptation and disaster management in the local planning process;
2. To make the local governance system environment friendly;
3. To make all responsible, starting from the basic level, towards the environment-friendly sustainable development;
4. To encourage the coordination and cooperation between environment and development;
5. To increase local ownerships by localizing its different dimensions for the sustainable management of environment.

4. EFLG Implementation

Government of Nepal approved the Environment-Friendly Local Governance (EFLG) Framework in September 2013, with the vision of promoting environmental governance and fostering a sustainable, environment-friendly society at the household, village, municipal, and district levels. To execute this framework, the then Ministry of Federal Affairs and Local Development formulated the Environment-Friendly Local Governance Programme and implemented it in 14 districts, the then 54 municipalities and 60 Village Development Committees. The Ministry of Federal Affairs and General Administration (MoFAGA) revised this framework on 29 June 2021 and reinforced the EFLG Framework. This framework aimed to integrate environmental issues into local level planning and the governance system.

The Environment and Disaster Coordination Section (EDCS) under the Planning Development Assistance Coordination Division (PFACD) in the MoFAGA is the focal ministry for coordination and technical support to the LGs. The EDCS is headed by the Under Secretary. One of the key mandates of this Section is to promote EFLG system at the local level. The Local Development Training Academy (LDTA) has been

supporting the LGs through some trainings on the EFLG. Some of the provincial governments like Karnali supported to execute some of the orientation programmes on EFLG.

There are altogether 233 indicators of EFLG representing from household, tole/settlement, ward, LG and district level. Those entities can be declared as environment friendly with due coverage of the framework and get the indicators as specifies by EFLG framework.

Level/Institution	Sector/Sub-sectors of the Indicators
Household	<ul style="list-style-type: none"> ▪ Sanitation and Health ▪ Renewable Energy ▪ Greenery/ Beautification ▪ Drinking Water
Tole/Settlement	<ul style="list-style-type: none"> ▪ Institutional Management, ▪ Cleanliness and Beautification
Ward	<ul style="list-style-type: none"> ▪ Drinking Water and Sanitation ▪ Disaster Risk Management ▪ Forest and Soil Conservation ▪ Road and Drainage Management ▪ Agriculture ▪ Noise Pollution Control
LG	<ul style="list-style-type: none"> ▪ Drinking Water and Sanitation ▪ Disaster Management ▪ Forest, Soil Conservation, Biodiversity, and Greenery ▪ Agriculture ▪ Renewable Energy ▪ Plastic Management ▪ Environment Education ▪ Physical Infrastructure Development ▪ Industrial Pollution Control ▪ Noise and Air Pollution Control ▪ Provision of Service Centers ▪ Compliance to National Building Code
District	<ul style="list-style-type: none"> ▪ Sanitation and plastic management ▪ Drinking water management ▪ Rural energy management ▪ Localization of National Adaptation Programme of Action (NAPA) ▪ Agricultural development, market management and food security ▪ Forest and biodiversity ▪ Disaster management and Protection of natural resource ▪ .Industrial pollution control ▪ Sound Pollution Control ▪ Air Pollution Control

5. Strength

1. Exist the constitution, legal and policy mandates for the promotion of environment related activities and EFLG.
2. Policy alignment exists across several national documents (like NAPA, National Climate Change Policy, EFLG framework), giving LGs clear mandates to integrate environment and climate into planning and budgeting.
3. Exist EFLG Framework, 2021.
4. Execution of environment, forest, climate resilient, energy, agriculture and disaster risk reduction activities at local level.
5. Areas of EFLG are reflected in the LG level periodic and annual plans.
6. Community forestry & user groups are effective in most of the wards and that are a good platform to discuss, share and achieve the results on forest management, livelihoods, local adaptation and governance practices for scaling-up the EFLG.
7. Some of the LGs have initiated and implemented EFLG framework.

6. Key Gaps and Challenges

6.1 Human and Institutional Capacity

EFLG is a cross-cutting issue for environmental conservation, disaster management, climate change, climate resilient agriculture, and others which are mandated for the sectoral development ministries but the focal ministry is MoFAGA. The key role of the ministry is to formulate policies, set standards, and provide technical support to LGs. However, the ministry lacks technical staff for environmental management. None of the staff in the focal division of MoFAGA has received skill training on the sectors.

The same condition prevails in the provincial governments. The environment related Ministries are not aware of EFLG framework. The Provincial Research and Training Academies are mandated to build the capacity of provincial and local governments in different sectors including EFLG. But, none of these institutions have the technical and human resources on environment related issues. Except Karnali, the other provinces by and large are not familiar with the concept of the EFLG framework.

Most of the LGs in Nepal lack trained staff on environment, climate change, its adaptation, climate resilient agriculture and EFLG planning and programming. Again, they have no analytical tools to assess risk, prepare adaptation plans, and environmental assessments.

6.2 Weak Institutional Capacity of DCC

The DDC is mandated to perform monitoring and coordinating role at the district and LGs levels. However, its organizational structure, staffing pattern, financial resource base and other institutional mechanisms including HR capacity is very weak.

6.3 Financing and Fiscal Integration

The Constitution of Nepal has provisioned different sources of income for the LGs. The major sources of the income of LGs are federal and provincial government grants (such as equalization grant, conditional grant, special grant, and complementary grant) and own source revenue. They can levy tax (such as property tax/house and land, house rent tax, house and land registration fee, vehicle tax, entertainment tax, advertisement tax, and business tax) and non-tax revenues (such as service fees, tourism fee, penalties, etc.). However, alignment of LG's budget to EFLG priorities is very much limited. Local fiscal transfer often lack earmarking and not link to incentives for environmental management and climate outcomes.

6.4 Weak Institutional Coordination

There is a weak vertical coordination between federal, provincial and local levels. Policy directives are not clear and translated into the integrated local plans and programmes. EFLG is a multi-sectoral concern that need to be supported by a number of sectoral ministries at federal level such as Ministry of Forests and Environment, Ministry of Agriculture and Livestock Development, Ministry of Urban Development. The EFLG Framework (2013 and revised 2021) was developed and approved by MoFAGA, hence, considered as a sole responsibility of MoFAGA. To implement the Framework effectively, the LGs need technical support from concerned ministries mentioned above. However, there is a Hugh lacking of coordination and cooperation among the key stakeholders. Similar scenario is also existed both at provincial and local level.

6.5 Monitoring and Reporting

There is absence of local-level environmental indicator tracing system. Some of the LGs have integrated the EFLG framework and its indicators into their policy planning and periodic plans, however implementation of such is always found very weak. The weak monitoring and reporting system of EFLG indicators undermines governance, transparency, accountability and knowledge sharing at district and local level.

EFLG related (environment, climate change and nature based local solution) database is lacking at all levels. Efforts are not apparent to develop such database yet.

6.6 Equity and Inclusion

Some of the LGs have developed Gender Equality and Social Inclusion (GESI) policy but its implementation capacity is lacking. In general the women, children and marginalized groups' participation are mostly missing in local level governance and planning processes. The meaningful civic engagement is also often questioned. Mostly the marginalized groups are excluded from local level environmental planning, decision-making and implementation processes, which limit the voices to be herd and adversely affect the social accountability.

7. Opportunities

7.1 Mobilize community forestry networks: scale-up EFLG and its implementation practices (e.g. forest management, watershed management, livelihoods improvement).

7.2 Mainstream EFLG into LGs planning and budgeting system: Prepare environment friendly local governance policies, plans and programmes linking setoral budgets into the EFLG indicators.

7.3 Performance-based fiscal incentives: design incentive grant system based on performance indicators for environmental management and climate results to motivate LGs.

7.4 Private and blended finance: tap private, public-private partnerships and blended finance for municipal waste management, renewable energy development and nature-based solutions.

8. Key Recommendations and Time Frame

8.1 Immediate (within 12 months)

(1) Capacity Development Training Package: Develop a modular EFLG orientation and training package targeting to the LGs covering:

- EFLG concept, thematic issues (environment, climate change and resilient agriculture, water, hygiene, sanitation, bulking codes, renewable energy, disaster risk management, etc.).
- GESI, planning and budgeting, monitoring, reporting and documentation, etc.

(2) Organize and facilitate the orientation/training: to the LG officials, stakeholders and citizen groups. (PRTAs can integrate EFLG into their training programmes and facilitate the capacity development training programmes).

(3) Clear guidance for integrating EFLG into the periodic and annual planning processes: MoFAGA can issue clear directives and circulars to the LGs to include EFLG indicators into their development policies, plans and programmes.

8.2 Short-Term (1–3 year)

(1) Entrust PRTAs to the following roles and responsibilities in the areas of EFLG:

- Develop trainers through Training of Trainers (ToT),
- Provide customized training on EFLG to LG officials,
- Conduct research on EFLG related indicators.
- Provide training to the other actors of EFLG.

(2) Updating the EFLG Framework

- Update EFLG framework to make it more understandable and implementable.
- Update the EFLG indicators based on the LGOA and other environment related legislations.

(3) Designate Focal Institution at Provincial Level

- The provincial government designates an EFLG focal institution in the related ministry.

- The designated institution should work as the responsible institution for EFLG implementation.

(4) Clarity of the Role of District Coordination Committee

The following role and responsibilities should be entrusted clearly to the DCCs:

- Coordinating LGs and other stakeholders related to the EFLG.
- Support LGs in implementing EFLG-related programmes.
- Monitoring ongoing EFLG-related activities implemented by federal, provincial, and local governments as well as NGOs and other development partners.
- Making final decisions to declare Environment-Friendly District-Level Offices.
- Undertaking responsibilities entrusted by the federal and provincial government to implement EFLG framework.
- Overseeing the accuracy and quality of EFLG related published information to ensure transparency and accountability.
- Reviewing EFLG related progress activities in the district
- Sharing the best practices on EFLG to LGs
- Recommending provincial government to declare and award qualified LG as environment friendly local government.

(5) Review the EELG Indicators

- The existing EFLG indicators were revised in 2021. Although the scenario of those indicators have been changed by now. Similarly, the number of sectoral indicators defined in the EFLG Framework 2021 have also been changed. The institutional and governance indicators are missing in the existing framework. Therefore, a thorough review of existing indicators is necessary integrating those missing indicators.

(6) Define Role of LGs

Local governments serve as the primary implementing agencies of the EFLG framework. The environment related section within LG is recommended to act as the focal point for EFLG. The focal point should be assign the following roles and responsibilities:

- Take key role for the implementation of the EFLG Framework.
- Capacity building support to ward offices and mobilize community level organizations.
- Effective coordination and cooperation of the local level stakeholders for EFLG implementation.
- Prepare and submit the progress reports (trimester, annual, specific) to the concerned LG and DCC.
- Documentation and dissemination of the success stories.
- Achieve the results for EFLG adaptation and its declaration.

(7) Performance Grants

- Develop a performance-based grant incentive system linking to measurable EFLG indicators.
- Identify the adaptation and declaration process.
- Link the assessment results to the incentive system.

- Support replicating EFLG strategy and best practices to other LGs.

(8) Integrate Community Forestry to EFLG

- Strengthen coordination with the Community Forest Users Groups (CFUGs) and support managing community forestry, landscapes, watershed and other forest and environment related activities for climate resilience.

(9) Targeted EFLG Implementation Programme

- A national programme for EFLG Framework implementation has to be developed and implemented at LGs.
- Government can encourage the development partners to support the Programme.

8.3 Medium Term (3–5 years)

- Standardize EFLG M&E mechanism.
- Develop EFLG digital dashboard with a set of result indicators.
- Align EFLG information to the MoFAGA reporting system.
- Declare EFLG wards and consequently EFLG LGs.

9. Conclusion

Nepal has the EFLG Framework, NAPA and LAPA to promote environment friendly practices at local level. The Environmental Protection Act, Forest Act, National Climate Change Policy and other sectoral policies and laws contribute and complement to implement environment friendly development at local level. However, there are some gaps and lapses. The key issues is the weak compliance of the EFLG Framework and poor implementation mainly due to capacity constraints, insufficient finance, poor coordination and inadequate technical backstopping. Hence, to address the issues and challenges, a project on EFLG implementation should be formulated focusing to capacity development and performance based incentives system that ultimately unlock the potentials to ensure LGs a true engine for environment-friendly local governance in Nepal.