



OVERVIEW OF CIVIL SOCIETY

NEPAL

Country Context

Nepal is located in South Asia, between the People's Republic of China and India. Nepal covers a total area of about 140,800 square kilometers. Its capital is Kathmandu. Before 2002, Nepal was a parliamentary democracy and constitutional monarchy operating a bicameral legislature. The insurgency or "People's War," launched in February 1996 by the Communist Party of Nepal-Maoists, has resulted in political turmoil.

Nepal's Parliament was dissolved on 22 May 2002. In February 2005, King Gayendra declared a state of emergency, replaced the cabinet with a 10-member council of ministers that he chaired and assumed executive powers. In April 2005, the King lifted the state of emergency and appointed regional administrators who are free from legislative control. But some political leaders remain detained and many parts of the Constitution are still suspended. Clashes between "village self-defense groups" and insurgents threaten to escalate into violence based on ethnic/religious divisions.

About half of the total population of 25 million is between the ages of 15 and 59. Forty-five percent of the population is literate and 38% of the population lives on less than \$1 per day (1990–2002).¹ The legal system is based on Hindu legal concepts and English common law. Nepal has not accepted compulsory jurisdiction of the International Court of Justice.

History of NGO involvement

Nongovernment organizations (NGOs) in Nepal have a relatively short history, especially when compared with other South Asian countries, such as Bangladesh and India. Until 1990, the Panchayat regime (1961–1990)

exercised tight control over society. The Social Services National Coordination Council regulated and supervised the NGOs, while the Social Welfare National Coordination Council (SWNCC) handled majority of the funding agencies. The Queen was the chairperson, and the presence of international NGOs (INGOs) in Nepal was regulated from the Royal Palace. During this period, it was illegal for anyone to engage in development activities in Nepal without the Government's permission. Under the Panchayat regime, the number of NGOs grew slowly from 10 in 1960 to 37 in 1987.

Two significant changes in regulating on NGOs and funding agencies occurred after the overthrow of the Panchayat regime and the establishment of parliamentary democracy in 1990. First, the SWNCC was reorganized into the Social Welfare Council (SWC), which became a government agency under the Ministry for the Social Sector, chaired by its minister. The SWC is composed of representatives from ministries and other government agencies.

Second, funding regulations were changed. For 40 years before the 1991 Constitution, foreign assistance to Nepal had to flow through the Government's consolidated fund. This provided the Government with information on foreign assistance and a large measure of control over such assistance. Since 1991, foreign funds flowed directly to NGOs. As a result of these changes, the number of NGOs operating in Nepal has increased dramatically to about 60,000 today.

Some strict regulations remain. Any organization wishing to engage in development activities must first obtain official approval from the local government. NGOs are required to register at the District Administration Office (DAO) and their registration must be renewed yearly. In addition to registering with the DAO, NGOs receiving

funds directly from donors must register with the SWC and renew their registration every year by submitting accounts audited by a government-approved auditor. If these requirements are not fulfilled, registration will be revoked. The SWC, however, lacks district offices and is consequently unable to discipline NGOs.

The Government must approve each project or program before foreign funding can be received. Generally, the objectives of NGOs in Nepal are social reform and citizens' awareness building. Their main activities include

- conducting literacy, post-literacy, and out-of-school education programs;
- publishing learning materials;
- organizing savings and credit groups;
- promoting financial intermediation;
- developing income-generating programs for poor people through skills training;
- building capacity of local organizations;
- running seminars for awareness-building among communities;
- monitoring grassroots organizations and service organizations;
- providing services;
- promoting advocacy;
- mobilizing communities;
- holding training workshops; and
- conducting research and evaluation of development programs.

NGOs are also working increasingly in the following areas: poverty reduction; agriculture; irrigation; water; sanitation; population and family planning; heritage preservation, protection, and promotion; gender mainstreaming; human rights; peace initiatives; conflict management; and infrastructure and development.²

Legislation on NGO activities

After parliamentary democracy was restored in Nepal, the newly elected Government relaxed some restrictive rules previously imposed on INGOs during the Panchayat era. However, since 1991, many new rules have been introduced and some former privileges have been removed by government agencies that regulate the presence of INGOs in the country. For example, INGO representatives no longer receive a visa free of charge, and some international staff members of INGOs have only been issued temporary tourist visas, which require the holders to leave the country every 150 days. INGO representatives previously received a permit to visit any part of Nepal, but this is no longer the case.

The local government and funding agencies

Under current rules, funding agencies wishing to engage in development activities in Nepal must present to the SWC a proposed plan of operations and a minimum

expected annual budget for intended development activities. The SWC provides guidelines outlining conditions for an agency's presence in Nepal. Such agreements cover an initial 2-year period. Agencies may subsequently apply for renewal of their agreements that are valid for 5 years.

The local government and NGOs/INGOs

Two major acts govern both domestic and international NGOs, with additional legislation governing activity at the local administrative level.

Societies Registration Act (SRA) (1977)

This act defines an NGO as an institution with the following attributes:

- a legal established entity;
- organized sector;
- corporate in structure;
- nonprofit in nature;
- social-service oriented;
- voluntary based;
- autonomous and independent;
- democratic structure (with open membership); and
- community-based organization (CBO).

Registration of Associations Act—*Sangh Samstha Ain* (amended in 1991)

Any seven or more citizens may apply to register an NGO, specifying the name of the institution, its objectives, names and addresses of the management committee members, sources of funding, and office address at all 75 chief district offices. NGOs are required to present audited accounts each year for registration renewal. Registration with the SWC is not mandatory for NGOs, but allows tax deductions and facilitates access to local and international funding. INGOs must obtain permission from the SWC to work in Nepal.

Most NGOs are registered under this act, although many are registered under the Company Act as not-for-profit organizations.

Social Welfare Act (1992)

This act restructured the SWNCC into the SWC, and assigned the SWC the following functions:

- promote, facilitate, coordinate, monitor, supervise, and evaluate NGO activities;
- create the possibility of assistance for establishing, promoting, extending, and strengthening NGO activities;
- function as the coordinating body between the Government of Nepal and NGOs;
- advise and provide recommendations to the Government in formulating plans, policies, and programs related to social welfare and the service sector;
- establish trust funds for social welfare activities and encourage others to do the same;

- conduct training and undertake studies and research on social welfare issues;
- carry out physical supervision of the property of NGOs in Nepal; and
- use national and international NGO assistance effectively.

Under the act, the member secretary of the SWC indicates the appropriate ministry for the registration of any new NGO. As the SWC initially was established as an umbrella organization for NGOs involved in welfare activities, some NGOs have suggested dealing directly with the appropriate line ministry rather than registering through the SWC (see box).

The Government introduced a Social Welfare (first amendment) Ordinance in July 2005. The Ordinance gives the Ministry of Women, Children, and Social Welfare authority to issue directives on NGO activities. Kathmandu is also developing a code of conduct for NGOs. Both NGOs and INGOs are concerned that these developments will undermine their independence and effectiveness.

Local Administrative Legislation

The District Development Committee (DDC), Village Development Committee (VDC) and Municipality Acts (1991), and the Local Self-Government Act (1999) outline the Government's plan to devolve authority to local bodies and allow them to mobilize NGO resources more effectively.

DDCs and VDCs coordinate NGO and INGO activities in their respective areas to provide grants to NGOs and to enter into agreements with them for conducting programs and projects. DDCs also list NGO activities in their periodic plans. VDCs are authorized to demand the plans and programs of NGOs operating in their areas. NGOs need to obtain clearance for their projects from VDCs and, through them, from DDCs. The eighth government plan emphasizes local coordination of NGO activities and states that the Government will not regain control of or interfere in the programs conducted by NGOs.

Government-NGO relations

The relationship between the Government of Nepal and NGOs is sometimes uneasy due to a lack of trust and a clear understanding of each other's roles. Additionally, both parties may feel that they compete for development funding. The growing trend among donor countries to channel development funds through NGOs, coupled with structural adjustment measures, has led to a scaling down—or even complete termination—of many government-run services and programs, with a corresponding increase in NGO operations.

In December 2003, the Government began placing strict regulations on INGOs because of concern that insurgents, seeking to establish a communist government through armed struggle, are receiving support from foreign organizations. Such restrictions include limitations on visa extensions for INGO staff.

NGOs in Nepal are also concerned that

- the Government neglects capacity building while stifling them with red tape from either the SWC or a ministry;
- the Government lacks interagency and interministry coordination, resulting in delayed projects and missed opportunities;
- neither government ministries nor the SWC assesses NGO performance with respect to effectiveness, costs, and output even though NGOs are required to submit audited financial reports every year; and
- state security forces harass NGOs that advocate a return to constitutional democracy.

At the same time, some NGOs are criticized for yielding to political influence. Of 2,000 politically active NGOs, about 1,800 of them are aligned with the Communist Party of Nepal and the rest are aligned with the Nepali Congress.³ Many NGOs are functioning as partner organizations of political parties.⁴

While some INGOs are perceived as indirectly providing support to the insurgents, some INGOs have been threatened by the insurgency. For example, in August 2003, rebels posted notices in three central districts of Nepal warning citizens about working for Save the Children (United States).

NGOs and development

Many domestic NGOs operate multidimensional activities, not limiting themselves to a particular sector. This is partly due to an integrated development approach which, in turn, is a reflection of development funding possibilities. Many NGOs have included income generation or savings and credit components in their programs to promote community participation and sustainability.

An INGO Experience

According to one INGO, securing approvals from the SWC took more than a year. The INGO also reported little opportunity to deviate from the official generic agreement text, especially on operational or procedural rules. After the SWC approved the text of the agreement, it was sent for further approval to the ministries of women and social welfare, finance, foreign affairs, and the National Planning Commission, before being finally signed by SWC's chief executive officer, the member secretary. While the agreement signing gave the INGO quasi-legal status in Nepal, the agreement mostly consisted of a collection of rules that the INGO should observe. While the agreement included provision for some facilities or privileges, such privileges have not been automatically granted. Any request was subject to the same lengthy bureaucratic approval process as for the initial agreement, without assurance that the facility or privilege would ultimately be granted.

Several NGOs focus on human rights and gender and development issues. While NGOs generally have been successful in highlighting such issues, cultural or traditional resistance remains regarding equal inheritance rights for daughters or with respect to domestic violence against women. INGO projects tend to be more gender-sensitive and gender-focused than projects undertaken solely by domestic NGOs. Women-based NGOs are generally headed and staffed by women although, in other NGOs, women's representation is negligible.

INGOs work primarily in either extending technical support, offering support as donors, or providing support services. More specifically, INGOs are focused on health services, community development, and children welfare. However, few NGOs are active players in sectors such as environment, youth services, and HIV/AIDS and drug control.

NGO capacity

Nepal's 9th and 10th 5-year plans recognized NGOs as a key partner in reducing poverty and developing civil society. Most NGOs, however, remain highly dependent on funding agencies. Many grassroots NGOs lack capacity to identify their roles and to respond to the needs of poor and disadvantaged communities. While the poor have a strong desire to contribute to the country's development, they have not been able to realize their potential due to lack of capacity (Badu, 2002).

Chand (2001) finds that, in addition to low capacity, domestic NGOs need to upgrade their professionalism, technical know-how, and professional human resources. This is particularly needed among NGOs advocating technical issues pertaining to drinking water, sanitation,

irrigation, technical education, and agriculture. As a result, INGOs and donors often prefer to work directly with other INGOs or civic groups formed by donors and communities.

The NGOs that have achieved sustainability tend to be those with dependable local resource bases, and those that are more active in income generation, microcredit, and savings and credit programs. Advocacy-based NGOs are better organized, closer to the community at the grassroots, and physically more prominent at the district level compared with service-delivery NGOs.

Organization of NGOs

The total number of NGOs currently operating in Nepal is unknown. A 2002 evaluation report of Nepal's 9th Plan estimated that some 30,000 NGOs were registered under various acts, including more than 13,000 registered through the SWC. The total number of NGOs, registered and unregistered, is estimated at 60,000. Some 2,200 local NGOs are members of the NGO Federation of Nepal (NFN), a national umbrella organization of NGOs. Domestic NGOs can be broadly classified into three groups:

- national NGOs;
- district- and village-based NGOs; and
- local self-help groups/CBOs.

National NGOs

National NGOs can be broadly subdivided further into two groups: welfare-oriented NGOs and professional NGOs. Welfare-oriented NGOs are usually based in Kathmandu and are largely supported by international funding agencies. Professional NGOs—often staffed by relatively highly paid officials—focus on research and are capable of bidding for contracts with INGOs. These NGOs are often affiliated with various government ministries.

- NGO Networking is a coalition of NGOs in Nepal. The organization is affiliated with the Ministry of Information and Communication and consists of 1,200 partner members, including CBOs, district-level organizations, national organizations, NGOs, and INGOs. NGO networking facilitates interaction among experts in different areas and promotes sharing ideas and information between NGOs and the people. The organization helps NGOs seek issue-based information in sectors where they operate, explores techniques to support community groups, and provides a national forum to discuss issues of national and international concern.

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District- and Village-Based NGOs

District- and village-based NGOs are generally headquartered in a district and function in rural areas where local leaders work with their communities to tackle community-based issues. The executive bodies of these organizations commonly consist of the local elite, who frequently act as chairpersons of local VDCs.

Community-Based Organizations (CBOs)

Nepal's CBOs tend to be culture-specific organizations, with activities linked closely with their particular ethnic group. These CBOs are not NGOs in the strict sense of the term.

CBOs increasingly have been recognized as potential grassroots partners in Nepal's decentralization strategies. For example, the South Asia Partnership (SAP)⁵ in Nepal has four regional offices covering 62 of the 75 districts of Nepal, in partnership with more than 1,000 civil society organizations (CSOs). SAP Nepal has created a strong national network of CBOs that addresses critical national issues. SAP Nepal has provided civil society leadership in governance and peace, and has advocated for livelihood issues, such as women's property rights.

International NGOs

A total of 107 INGOs registered with the SWC.⁶ Some 50 of the mostly larger INGOs are members of the Association of INGOs in Nepal (AIN), which promotes cooperation, coordination, and a greater understanding of INGOs' contribution to Nepal's development. In particular, AIN

- advocates equitable development in Nepal;
- promotes human rights; and
- provides a forum for its members to meet and interact with other interested parties on issues affecting the poorest and most disadvantaged sectors of Nepali society.

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Umbrella organization: NGO Federation of Nepal (NFN)

NFN is a national umbrella organization of NGOs, established to promote and protect social justice, human rights, and fair development. It is an autonomous and politically nonpartisan organization run by NGO representatives. NFN has about 2,200 member NGOs across Nepal. It has regional committees in the country's five development regions and 63 district chapters. NFN undertakes the following activities:

- works as a national forum for advocacy and social reform;
- lobbies for the official representation of NFN on development-related activities in national, regional, and international forums;
- performs a watchdog role regarding activities of the Government, development partners, and INGOs;
- monitors NGO activities and disseminates information for public knowledge;
- organizes activities to support capacity-building programs for NGOs and their staff; and
- strengthens, protects, and promotes the autonomy of NGOs and their accountability toward society.

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NGO Directories

No comprehensive directory of national NGOs in Nepal is available. Various organizations have published some kind of NGO directory, mostly limited to certain sectors.

The SWC published a three-volume directory of NGOs registered with the SWC and recently collaborated with the Canada-Nepal Gender in Organization in further developing an NGO database. The SWC also lists registered NGOs and INGOs at www.swcnepal.org.np.

Stri Shakti published a directory of women-related NGOs, and the NGO Coordination Committee published a directory of domestic and international NGOs undertaking activities in the reproductive health sector.

A list of some Nepali NGOs (and their contact addresses) is available on the Friedrich Ebert Stiftung website www.nepaldemocracy.org/institutions/ngos.htm.

About 255 Nepali NGOs are listed in the Nepal Yellow Pages at www.nepalyellowpage.net/. This site includes some telephone numbers and e-mail addresses, but does not link directly to NGO websites.

Most of the larger INGOs are members of AIN. A listing of AIN members (and their contact details) is available on www.ain.org.np.

Nepal and funding agencies

Nepal continues to rely heavily on external financing. Foreign assistance financed 27% of the country's

expenditures in 2004–2005, and grants and foreign loans have been equivalent to about 6% of the country's gross domestic product since 1992. Domestic resource mobilization continues to be a critical issue, with tax reform and improvement in tax administration now being implemented.

The International Development Association of the World Bank is the largest multilateral donor to Nepal, followed by Asian Development Bank (ADB). Japan is the country's largest bilateral donor, followed by Germany, United

Kingdom, and Denmark. In fiscal year 2004–2005, ADB, World Bank, and Japan accounted for 57% of total external assistance to Nepal.⁷ Most United Nations agencies are also active in Nepal.

ADB-NGO/CSO cooperation

ADB opened the Nepal Resident Mission (NRM) in 1989. NRM coordinates high-level policy dialogue and aid; and helps with country programming, technical assistance administration, project processing, portfolio management, and project administration. In addition, NRM maintains regular dialogue with NGOs/CSOs on ADB assistance in Nepal and implements the ADB-Government-NGO National Framework for Cooperation (2004–2006), which was developed with participating key stakeholders.

Selected examples of NGO/CSO involvement in ADB loans and technical assistance (TA) projects in Nepal are described below. ADB also consults with NGOs/CSOs in preparing the country strategy and program and in reviewing general ADB policies and strategies. For example, NGOs/CSOs in Nepal participated in national consultation workshops on the proposed Public Communications Policy (by videoconferencing, July 2004) and on the implementation of ADB's anticorruption and governance policies (November 2004).

ADB recognizes the important role of NGOs/CSOs in development, and supports improved cooperation among ADB, Government, and NGOs/CSOs to reduce poverty by

Cumulative ADB Assistance to Nepal (as of 31 December 2004)

Sector	No. of Loans	\$ Million ^a	%
Agriculture	48	746.2	33.7
Energy	13	400.9	18.1
Transport	15	302.9	13.7
Water	10	263.0	11.9
Multisector	7	157.1	7.1
Industry and Trade	9	142.2	6.4
Education	9	130.4	5.9
Law	2	65.0	2.9
Finance	1	7.3	0.3
Health	–	0.0	0.0
TOTAL^b	114	2,215.0	100.0

^a Total may not add due to rounding

^b Includes loan components of regional projects in Cambodia

Loan and Technical Assistance Projects

Project	Objective and NGO Involvement
Agriculture and Natural Resources	
Rural Infrastructure Development (\$12.2 million) Approval: 27 Jun 1996 Estimated completion: Jun 2003	The project contributed to poverty reduction in three districts in Nepal's hill region. Some 20,000 people within the road alignment benefited from project activities, including about 18,000 beneficiaries who were involved in construction and maintenance of rural roads and community buildings. NGOs were intermittently involved in project-related awareness campaigns. They were also contracted to undertake social mobilization activities intended to enhance people's participation, establish local labor groups and road users' committees, ensure fair working conditions of laborers, and assist in developing savings and credit-related and income-generating activities.
Community-Managed Irrigated Agriculture Sector (\$20.0 million) Approval: 17 Nov 2004 Estimated completion: Sep 2012	The project aims to improve the agriculture productivity and sustainability of existing small and medium farmer-managed irrigation systems suffering from low productivity and poverty in Central and Eastern Development regions, thereby enhancing the livelihoods of the poor. The project will (i) improve empowerment of water users' associations, irrigation infrastructure, agriculture extension, and targeted livelihood enhancement to build the human capital of the poor; and (ii) strengthen policies, plans, institutions, and their operations for more responsive service delivery and sustainable impacts. The project will also build the capacity of project institutions including line departments, local governance institutions, water users' associations, NGOs, and the private sector. They will also help identify project beneficiaries (farmers with less than 1 hectare of land), form groups, provide training, and help establish linkages with credit institutions for installing shallow tubewells. They will also help groups obtain services from private suppliers, drillers, and agriculture extension service providers.

collaborating. In its Tenth Plan, the Government has specifically outlined the roles for NGOs, specifically in social development, poverty reduction, awareness raising, community empowerment, and social mobilization. NRM actively promotes NGO/CSO participation in ADB loan and TA projects and frequently interacts with local

NGOs during loan and TA processing and project implementation. ADB-assisted projects increasingly involve NGOs/CSOs. Such involvement could increase with anticipated changes to ADB guidelines on the use of consultants, making it easier to engage NGOs/CSOs working at the local level.

Project	Objective and NGO Involvement
<p>Crop Diversification (\$11 million) Approval: 9 Nov 2000 Estimated completion: Dec 2006</p>	<p>The project helps improve the living standards of the rural population in most poverty-stricken regions in Nepal by promoting the production and marketing of secondary crops. It addresses the issue of food security by providing farmers with cash income and important nutritional sources, and landless laborers with on-farm employment opportunities. The project adopts a farmer group approach to agricultural extension, which is now widely accepted in the project area as an effective mechanism for disseminating technology and marketing information to farmers. Under the project, more farmer groups are mobilized and strengthened through the skills and experience of private service providers, including NGOs. In particular, NGOs are involved in establishing farmer groups, social mobilization activities, and extension services.</p>
<p>Rural Microfinance (\$20 million) Approval: 8 Dec 1998 Estimated completion: Dec 2004</p>	<p>The project was designed to provide a sustainable mechanism for rural credit delivery through NGOs, small rural banks, and savings and credit cooperatives. It provided a revolving fund for onlending to financial institutions and for loans mainly to poor women for farm and nonfarm income-generating activities. The project aimed to improve the socioeconomic status of women and increase employment opportunities and microenterprise development by providing rural financial services, including a revolving line of credit to finance viable farm and off-farm activities. Under the project, national/local-level NGO financial intermediaries were trained in microfinance operation and management, and qualified microfinance institutions were provided wholesale lines of credit through the Rural Microfinance Development Centre, the principal implementation agency, for onlending to groups of poor women and farmers, for income-generating activities.</p>
<p>Third Livestock Development (\$18.3 million) Approval: 19 Sep 1996 Estimated completion: Dec 2009</p>	<p>The project supports the Department of Livestock Services in reorienting its approach to manage the livestock subsector. It helps develop the capabilities of rural communities to plan and manage livestock development activities with improved access to inputs, markets, and services, provided by both public and private sectors. The primary objective of the project is poverty reduction in rural areas by improving nutrition, income, and job opportunities for farmers and resource-poor rural people, especially women. The focus is on increasing the productivity of the livestock sector through ecologically sustainable and socially equitable means. The project has established partnerships with 49 local NGOs for mobilizing communities, forming farmer groups, and delivering credit in 16 districts. NGOs have been effective in ensuring that the project benefits the poor and disadvantaged men and women. The project also intends to provide long-term and short-term training to NGOs to improve their effectiveness.</p>
<p>Skills for Employment (\$20 million) Approval: 25 Nov 2004 Estimated completion: Sep 2010</p>	<p>The project aims to strengthen the capacity of key agencies and providers of market-oriented short-term (MOST) skills training and to increase access to this training, particularly among women, Dalits (low-caste people), and the disadvantaged. As members of the project steering committee, NGOs will participate in allocating funds, selecting districts for project implementation, targeting public training institutions to be upgraded, and selecting training providers to deliver MOST training. NGOs and CBOs will also be consulted to identify potential beneficiaries in their communities and constituencies.</p>
<p>Gender Equality and Empowerment of Women (\$10 million) Approval: 16 Dec 2004 Estimated completion: Dec 2009</p>	<p>The project will reduce poverty in rural Nepal by empowering poor rural women and members of other disadvantaged groups, such as ethnic and low-caste women. Women will achieve economic, social, legal, and political empowerment by having greater control over assets. Through collective action, they will be able to influence public and private institutions to become more gender-responsive and to include previously marginalized women into development opportunities. NGOs and CBOs will be the implementing agencies of majority of the project activities. In the microfinance component of the project, NGOs will be involved as service providers, will train savings and credit cooperatives, and will establish links and ensure synergies between women's groups and microfinance providers. NGOs will also be involved in project monitoring.</p>

Project	Objective and NGO Involvement
Subregional Transport Facilitation (\$20 million) Approval: 4 Nov 2004 Estimated completion: Dec 2009	This project aims to facilitate commerce, enhance governance capacity, reduce opportunities for financial irregularities, and prevent human trafficking by upgrading roads and customs facilities on the southern border of Nepal and at other major gateways. The project will lessen the vulnerability of local people to HIV/AIDS and human trafficking across the border by waging a participatory and awareness campaign and by providing suitable inland clearance depot facilities. HIV/AIDS and human trafficking programs will be built on existing programs carried out by NGOs. NGOs will also be involved in land acquisition, resettlement, and delivery of compensation and allowances. The project will also help local NGOs gain authority to investigate, with the police, suspected transporters and human traffickers.
Commercial Agriculture Development (\$700,000) Approval: 28 Oct 2002 Estimated completion: July 2003	The technical assistance addressed the strategic objective of poverty reduction by producing, processing, and marketing high-value crops in the eastern region of Nepal. The project focused on capacity building of all stakeholders including farmers, NGOs, the participating private sector, local government, and local agencies.
<hr/> Water <hr/>	
Kathmandu Valley Water Services Sector Development (Program loan: \$5 million), (Project loan: \$10 million) Approval: 18 Dec 2003 Estimated completion: Dec 2010	The project supports water service sector institutional reforms by introducing private sector participation in managing water supply and wastewater service delivery in the Kathmandu Valley via a performance-based management contract. The project hires civil society groups/NGOs to undertake periodic monitoring/performance benchmarking.
Community-Based Water Supply and Sanitation Sector (\$24 million) Approval: 30 Sep 2003 Estimated completion: Dec 2009	The project focuses on providing rural water supply and sanitation (RWSS) facilities and services to improve community health and provide opportunities to generate income. It will improve RWSS services to about 1,200 rural communities in 21 districts throughout Nepal, covering about 850,000 people in districts and communities selected according to criteria related to poverty; water supply and sanitation coverage; diarrheal disease incidence; willingness to cost-share; and historically underserved gender, caste, and disadvantaged groups. The project will also develop the capacity of a wide range of sectoral support organizations, including public and private sectors and NGOs, to provide more efficient and cost-effective support to communities and local governments and to improve RWSS service delivery. NGOs are contracted to help establish and manage water user groups and implement other project activities.
Small Towns Water Supply and Sanitation Sector (\$35 million) Approval: 12 Sep 2000 Estimated completion: Jun 2006	The project assists the Government in implementing part of its 15-year plan for small towns water supply and sanitation development. The project provides water supply, limited drainage, and sanitation facilities in selected small towns following a demand-driven, interactive process that ensures full participation of local water users and NGOs in formulating, implementing, operating, and maintaining subprojects. The project involves 14 NGOs, each with a particular responsibility for mobilizing communities and conducting public awareness campaigns and health and hygiene education programs.
Melamchi Water Supply (\$120 million) Approval: 21 Dec 2000 Estimated completion: Sep 2006	The project's social uplift component will mitigate the direct and indirect project impacts of the Melamchi Diversion Scheme. It will provide long-term poverty reduction programs and improve living conditions of inhabitants of the Melamchi Valley. NGOs are involved in public consultations, including discussions on the role of private operators in managing and maintaining the distribution of drinking water. NGOs/CBOs will play a key role in facilitating projects in cooperation with VDCs in the Melamchi Valley. The project will also involve NGOs as third party monitoring agents to track social and environment mitigation plans and activities.

Japan Fund for Poverty Reduction

The Japan Fund for Poverty Reduction (JFPR) is an untied grant facility established by the Government of Japan and ADB in May 2000. The \$90 million fund assists ADB clients to reduce poverty and address the social consequences that resulted from the 1997–1999 global economic and financial crises. The JFPR

- initiates and supports innovative programs with high potential for improving the affected countries' situations;
- provides relatively rapid, demonstrable benefits

through initiatives that have positive prospects of developing into sustainable activities over the long term; and

- assists programs designed and implemented by local populations and civil society.

JFPR provides an opportunity for local communities and CSOs, including NGOs, to actively participate in development. The partnerships may involve NGOs in designing and conceptualizing the proposed grant, or in executing the grant.⁸

Project Title	Objective and NGO Involvement
Supporting Poor and Disadvantaged Farmers Through Civil Society Organizations (\$800,000) Approval: 15 May 2001	The project helps reduce rural poverty in the poor regions of the country. It also aims to strengthen and provide social mobilization programs for poor and disadvantaged farmers (including former bonded agricultural laborers), and build the capacity of local NGOs and CBOs. Involving local NGOs and CBOs in project planning and implementation, plus the use of detailed eligibility criteria for selecting participating NGOs/CBOs and project beneficiaries, ensures the identification and participation of targeted beneficiaries.
Optimizing Productivity of Poor Water User Associations (\$1 million) Approval: 4 Aug 2003	The project helps reduce poverty by optimizing the productivity of poor and marginal farmers in small-scale irrigation schemes established under the second irrigation sector project. It also aims to improve seed multiplication and strengthen the capacity of communities in sustainable credit management. NGOs play a lead role in community mobilization, credit operation, training, and impact evaluation.
Capacity Building for Poor Farmers and Disadvantaged Groups in the Eastern Development Region (\$900,000) Approval: pending	This project will help reduce extreme poverty and lead to a more equitable impact of rural development interventions. Livelihood enhancement will be pursued in three areas: <ol style="list-style-type: none"> (i) employment opportunities in the agricultural value chains; (ii) self-employment opportunities linked with the agricultural value chain; and (iii) opportunities outside the agricultural value chain in the formal and informal sectors.

Regional technical assistance projects in Nepal

NGO and Project Title	Objective
Rural Awareness Forum (Baglung)/Providing Microfinance Services to Rural Poor Women of Western Nepal ⁹ (\$10,100) Approval: 27 May 2003	The project helps establish 110 women-centered groups (between 5 and 20 members) and provides microcredit support in collaboration with two other ADB-supported projects: the Rural Microfinance Development Center and the Community Livestock Development projects. The project will also help establish seven water and sanitation groups in connection with the World Bank-supported Rural Water Supply and Sanitation Development Fund Board to provide seven water points and seven latrines.
Lumanti Support Group for Shelter/Community Empowerment through Improved Water Supply (\$20,000)	The project provides a 1.5-kilometer gravity-fed source of water from the Chisipani River to a reservoir that will service 289 families (some 1,500 people) in three squatter communities. Water will be distributed through pipelines and standposts installed in target communities on an 80% cost-recovery basis: 80% of the total cost of the project will be a loan to the community to be paid back on instalment through “user fees” and 20%, a grant. Funds thus generated will be directed for ongoing improvement of community infrastructure. The project replicates a similar project undertaken in Butwal in 2001 (Danda Tole community) and combines ADB assistance (39%) with support from Lumanti (5%), Water Aid (23%), Butwal Municipality (11%), and target families (22%) to demonstrate effective development partnerships.

NGO and Project Title	Objective
<p>Pro Public Policy Advocacy and Farmers' Empowerment through Promotion of Sustainable Agriculture (\$19,910)⁹ Approval: 27 May 2003</p>	<p>Pro Public, with financial assistance from the Ford Foundation and the Action Aid Asia, has undertaken an action research program on Farmers' Rights to Securing Livelihoods. Based on this experience, the project pilots a project that will help explain government agricultural policy to farmers, facilitate policy dialogue, and provide education on cooperatives for farmers and other stakeholders. In addition, the project examines the potential for a range of agribusinesses and establishes two cooperative marketing centers to demonstrate the principle and mechanism for organizing cooperatives in project areas.</p>
<p>Center for Legal Research and Resource Development (CeLRRD), Nepal/ Joint Consultation Meeting for the Effective Prevention of Trafficking of Women and Girls (\$10,000)¹⁰ Approval: 23 Dec 1999</p>	<p>The meeting aims to</p> <ul style="list-style-type: none"> (i) facilitate networking and coordination of governments and NGOs in preventing trafficking of women and girls; (ii) establish a joint commitment by the governments of India and Nepal to alleviate this problem at the regional level; and (iii) identify mechanisms for rescuing victims. <p>The activities are focused on organizing and holding a conference on preventing the trafficking of women and girls, with the Center for Legal Research and Resource Development acting as facilitator of the conference. A regional framework will be prepared to prevent the trafficking of women and girls.</p>
<p>Sristi Associate-CEDPA/Training elected women representatives (\$20,000)¹⁰ Approval: 23 Dec 1999</p>	<p>Although the Nepal Local Government Ordinance (1997) reserves 20% of the seats in VDCs for women, few women are actively involved in decision making. Elected women representatives in VDCs urgently need capacity training to increase their involvement in operating and making decisions in VDCs. Because of their lack of training and experience, women are unable to voice and defend their interests and concerns, thus nullifying the intentions of having a reserved quota for women. To overcome this problem, the ADB-funded Sristi Associate-CEDPA is implementing a training program for women who are elected office bearers in VDCs. As part of the project, the NGO is developing a training course curriculum for elected women and other female officials. Elected women begin to see their existing and potential roles differently and believe that the general training topics are relevant.</p>
<p>Rural Economic Development Association (REDA)/ Improvement in Socioeconomic and Nutritional Status of Disadvantaged Farming Communities in Palpa (\$20,000)⁹ Approval: 27 May 2003</p>	<p>REDA has worked in Palpa District for 13 years to promote a socioeconomically self-reliant society. The project aims to uplift the economic and nutritional status of target groups, including small landholders and backward groups. Six VDCs in the Palpa District (6 groups of 25 farmers each, or 150 households) will receive support. The project will increase the production and sale of high-value agricultural crops (potato, tomato, cole crops, peas, zinger) and improve the nutritional status of farmers in the project area. Project activities include forming and mobilizing six farmer's groups, improving agricultural inputs, developing agricultural extension/market, promoting kitchen gardens, and providing rainwater harvest tanks.</p>
<p>Association for Rural Women Development (GMBS)/Local Initiatives for Poverty Reduction in Dang District (\$19,800) Approval: 23 Dec 1999</p>	<p>The project helps increase farmers' incomes by promoting the agricultural production and marketing of agricultural products. Project activities include crop diversification and women's skill development and improved access to markets and employment for rural youth. The project also creates an enabling environment for competitive private sector development and support of good governance by improving efficiency, predictability, accountability, and transparency in the public and private sectors. It also addresses NGO capacity building and awareness and advocacy activities. Project components include training project staff (leadership development, and gender and development training), nonformal post-literacy classes on agriculture activities, training in fruit and vegetable processing, marketing, and awareness and advocacy through a quarterly agricultural bulletin. Project activities target more than 1,000 households.</p>

NGO concerns about ADB initiatives

Recognizing NGOs as development partners, ADB documents and responds to the concerns of NGOs that materialize during the design and implementation of ADB-assisted projects and other initiatives. ADB operations departments and the NGO and Civil Society Center collaborate to keep senior ADB staff, members of the

Board of Directors, and representatives of Management informed of challenges faced by the institution's operations and to obtain feedback on how NGO concerns are being addressed.

For example, NGOs alleged problems on the Melamchi Water Supply Project. NGOs feared that the water-diversion scheme might hurt the local environment and

the traditional livelihood of its residents, that road construction might cause erosion and damage rivers, and that less affluent out-of-valley residents might end up subsidizing the rich in the Kathmandu valley. Additionally, NGOs were concerned about the indirect effects of the project, such as large worker camps fostering alcoholism, gambling, and prostitution in nearby communities, and increased price of staples due to worker demand.

More generally, NGOs have also voiced concern over alleged corruption in foreign-funded projects, claiming that Maoist rebels demand 10% of development aid as a “tax” in areas under their control.

Depository libraries

ADB has established a network of depository libraries throughout the Asia and Pacific region. Each library receives some 300 documents a year from ADB, free of charge. The documents range from TA reports, to country economic reports, to basic information about ADB—posters, bookmarks, and, in some cases, videos, and CD-ROMS. For all these, the library must be open to the public and assist patrons through on-site research and interlibrary loans.

In Nepal, the ADB depository libraries are the following.

Nepal National Library
Dasharath Thapa, Chief
Harihar Bhawan, Pulchowk
P.O. Box 182, Lalitpur, Nepal
Tel + 977 1 552 1132
Fax + 977 1 553 6461
nnl@nnl.wlink.com.np

Tribhuvan University Central Library
Krishna Prasad Bhandary, Chief
Kirtipur, Kathmandu, Nepal
Tel + 977 1 433 1317
Fax + 977 1 433 1964

For additional information about ADB’s cooperation with NGOs/CSOs in Nepal, contact

ADB Nepal Resident Mission (NRM)
Srikunj Kamaldi Ward No. 31 Kathmandu, Nepal
P.O. Box 5017 Kathmandu, Nepal
Tel + 977 1 422 7779
Fax + 977 1 422 5063
www.adb.org/nrm

For details on ADB’s overall interaction with NGOs/CSOs in the Asia and Pacific region, contact

NGO and Civil Society Center (NGOC)
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Metro Manila 1550 Philippines
Tel + 63 2 632 6732
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www.adb.org/NGOs/ngo.center.asp

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End Notes

- 1 United Nations Development Programme. *Human Development Report 2004*.
- 2 Chand, Diwakar. 2001. *NGO Strategy and Development of a Comprehensive Database of Development Focused NGOs*. ADB. Manila.
- 3 Dahal, Dev Raj. 1995. *Civil Society and Self-Governing Polity in Nepal*. In Dhruba Kumar (ed.), *State, Leadership and Politics in Nepal*, 100–123. Kathmandu: Center for Nepal and Asian Studies.
- 4 Ghimire, J. 2000. *NGO Development in Nepal*. In Social Development and INGOs’ Activities in Nepal. Kathmandu.
- 5 South Asia Partnership-Nepal is a nongovernment development organization that has been working in Nepal since 1984. It advocates the overall social, political, and economic enhancement of the lives of Nepalese people.
- 6 From “INGOs and NGOs in Nepal: Status and Areas of Work During the Conflict,” December 2004. www.fesportal.fes.de.
- 7 Fiscal year 2004/2005 from the Ministry of Finance.
- 8 www.adb.org/jfpr.
- 9 Funded under the regional technical assistance (RETA) project “NGO Partnerships for Poverty Reduction,” financed by the Poverty Reduction Cooperation Fund.
- 10 Funded under the RETA project “Gender and Development Initiatives,” financed by the Japan Special Fund.

About the Asian Development Bank

The Asian Development Bank (ADB)'s work is aimed at improving the welfare of the people of the Asia and Pacific region, particularly for the 1.2 billion who live on less than \$2 a day. Despite the success stories, Asia and the Pacific remains home to two thirds of the world's poor.

ADB is a multilateral development finance institution owned by 63 members, 45 from the region and 18 from other parts of the globe. ADB's vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve their quality of life.

ADB's main instruments in providing help to its developing member countries are policy dialogues, loans, technical assistance, grants, guarantees, and equity investments. ADB's annual lending volume is typically about \$6 billion, with technical assistance provided usually totaling about \$180 million a year.

ADB's headquarters is in Manila. It has 26 offices around the world. The organization has more than 2,000 employees from over 50 countries.

About the NGO and Civil Society Center

ADB's NGO and Civil Society Center (NGOC) serves as the focal point for ADB's interaction with civil society organizations (CSOs), including the broad range of nongovernment organizations, foundations, social movements, and trade unions. The NGOC is a part of the Gender, Social Development and Civil Society Division in ADB's Regional and Sustainable Development Department. Its key functions include empowering operations departments to work with NGOs/CSOs, serving as ADB's knowledge center and advisor on consultation and participation with NGOs/CSOs, managing implementation of ADB's Policy on Cooperation with NGOs, contributing to the capacity of ADB staff and NGOs/CSOs to work together, communicating on ADB's work with NGOs/CSOs, and supporting the exchange of knowledge and expertise between ADB and civil society. The NGOC also coordinates ADB's NGO and Civil Society Cooperation Network, which comprises designated staff from departments and offices across the institution.

This profile provides an overview of nongovernment organizations (NGOs) and civil society organizations (CSOs) and of ADB-NGO/CSO cooperation in Nepal. It was originally prepared by staff at CARE International (Nepal) and was updated in July 2005 by Aziz Sunderji, ADB intern. Although primarily intended for use by ADB staff, the information contained in the profile will be of use to other development partners. For comments on this profile, e-mail ngocoordinator@adb.org.

ADB's use of the term "nongovernment organization" refers generically to organizations (i) not based in government and (ii) not created to earn profit. ADB is concerned primarily with developmental NGOs, which can be regarded as private organizations entirely or largely independent of government, not created for financial or material gain, and which address concerns, such as social and humanitarian issues of development; individual and community welfare and well-being, disadvantage, and poverty; as well as environmental and natural resource protection, management, and improvement. While ADB's interest is directed primarily toward organizations that do not exist to serve their members' self-interests, ADB also works with organizations, such as self-help, and people's and community-based organizations formed by or around disadvantaged persons, groups, and communities. Terms parallel to developmental NGO include voluntary organization, private voluntary organization, or private voluntary development organization; people's organization; community organization or community-based organization, community group or community association; grassroots organization; intermediary organization; and public interest group.