

FIELD BULLETIN

Independence of the NGO sector? A case study from selected Eastern districts

The Context

The Government of Nepal established the Social Services National Coordination Council (SSNCC) in 1977 to foster the establishment of NGOs and to coordinate their activities. The SSNCC de facto controlled the development money which entered the country and was headed by the then queen¹. At the time when democracy was restored in 1990 and the SSNCC was dissolved, only 222 NGOs were registered in Nepal². In 1992 the new government set up the Social Welfare Council (SWC) to be responsible for registering NGOs who wanted to access government funds or work directly with donors³. Nepal consequently witnessed a phenomenal rise in the number of registered NGOs with the SWC database consisting of over 30,000 NGOs by July 2010⁴. As the government also authorized the Chief District Officers (CDOs) to register NGOs at a local level (and to renew their registration annually upon submission of their progress report and financial audit reports) rough estimates suggest that there may be more than 50,000 NGOs⁵ registered in the country.

Notwithstanding the great contribution NGOs have and continue to make to development in Nepal, there has been concern among stakeholders about the neutrality and accountability of some NGOs working at the district level. This field bulletin attempts to explore some of the contexts in which NGOs operate and it is based on discussions with a broad range of stakeholders, including NGOs, government officials, INGOs, political party leaders and community members in two hill and two *Tarai* districts in the Eastern Region. The names of the districts, organizations and stakeholders have deliberately been withheld in order to avoid drawing attention to specific individuals. The field bulletin does not imply that the examples used represent the full picture but is an attempt to provide useful information to development partners and hopefully create an interest for more methodical research on the topic.

Challenges facing district level NGOs

Following the restoration of democracy in Nepal in 1990, the amount of aid money to Nepal increased dramatically⁶. This coincided with the government's policy of partnering with NGOs to enhance social development and moving away from sole implementation by the bureaucracy to the NGO sector. As a

¹ ADB(1999), NGOs in Nepal

² ADB (1999), NGOs in Nepal

³ The term 'donor' is used throughout this field bulletin to describe INGOs as well as bilateral and multilateral development partners.

⁴ http://www.swc.org.np/allngo_list.php

⁵ http://www.myrepublica.com/portal/index.php?action=news_details&news_id=38542

⁶ Foreign aid constituted about 2% of Nepal's GDP in 1974/75. By 1993/94 this had increased to about 6.5% of the GDP. <http://www.himalmag.com/component/content/article/2668-Foreign-Aid-in-Nepal--What-do-the-data-show?html>

result and as noted above, the number of NGOs dramatically increased with professionals and activists who had previously been concerned about their ability to run independent NGOs under the *Panchayat* system, taking the opportunity to do so. Programmes and projects implemented by these NGOs greatly benefitted many communities which had previously seen little development activities.

Members of a Dalit settlement in a *Tarai* district recalled that in the 1990's "some people from an NGO in Kathmandu" began to build latrines and conducted awareness and advocacy programmes. An elderly man mentioned how surprised the community had been to see the NGO staff coming to live alongside them whilst implementing projects. As a result, today there are at least ten NGOs lead by Dalits working in the area to improve living conditions and advocating for Dalit rights. The chairman of one of the NGOs explained that once "the people from Kathmandu" ran out of money, district level politicians were approached to help lobby for funds in order to continue programmes implementation⁷.

An experienced government official explained how the CPN-UML at the time saw the establishment of NGOs at the local level as a way of ensuring a better life for "the rural masses". They became instrumental in assisting with the establishment and development of many NGOs in rural areas, and as a result gained the support of many communities⁸. According to the government official, having seen the success achieved by the CPN-UML through the NGOs they had helped to create, other political parties also began supporting NGOs in rural areas. As a result, by 1996 most of the political leaders in the district were closely linked to certain NGOs which he claimed have become ever closer over the years⁹.

The chairperson of an NGO Federation in a Hill district alleged that one financing facility openly asked NGOs to add up to 25% to project budgets as a prerequisite for them to select the NGOs in question as implementing partners, implying that that inflated invoices be submitted. It was also alleged that when NGOs refuse, other NGOs are selected or new ones created. There were accusations by both community members and government officials that some projects are in fact not even implemented, but that because of political connections by those involved, "nothing can be done"¹⁰.

A similar story was told in a *Tarai* district where it was claimed that many NGOs are in fact 'briefcase NGOs'¹¹, including an NGO which receives funding from both a bilateral and a multilateral donor. It was also claimed that many NGOs find it difficult to hire staff locally and have to instead rely on Kathmandu-based consultants who can tailor ready-made proposals according to the needs of donors. It was explained that one of the reasons for this is that donors require complex proposals and reports for which local NGOs do not always have the capacity¹².

An NGO worker in a hill district expressed concern that donors, like political parties, sometimes create NGOs to implement projects, rather than using existing ones. An example was provided of a donor who encouraged its staff to establish an NGO when they downsized and which is now implementing projects through the NGO run by its former staff. It was claimed that the perceived lack of transparency has

⁷ Based on conversations with Dalit NGOs and community members in a *Tarai* district.

⁸ CPN-UML won 43% of the seats in the 1994 Parliamentary election and more than 60% in the local election in 1997.

⁹ Based on conversation with a government official.

¹⁰ Based on conversations with NGO representatives, community members and government officials in a Hill district.

¹¹ "*Jhole Sanstha*"- A Nepali phrase used to describe organizations which do not exist physically but rather the whole office is in the bag of the proprietor.

¹² Based on conversations with community members and NGO staff in a *Tarai* district.

negatively affected the community's view of the donor in question, although the competency of the NGO in itself was not questioned¹³.

A district level politician in a hill district noted that many donors are dependent and rely on a small group of English-speaking NGOs and their staff, many of which are based in Kathmandu. He called for donors to reach out to district level NGOs to achieve better representation and social inclusion.

The way forward

The members of the NGO Federation spoken to, as well as staff working for INGOs and donors, expressed concern over what they saw as growing unaccountability, lack of transparency and political interference of many NGOs. It was argued that the implementation of conflict sensitive programming methodologies would go a long way to address these challenges.

Officials of the NGO Federation called for a process of verification of the physical existence of NGOs and their capacity to be added to the registration and renewal processes of NGOs by local authorities and the SWC. It was however highlighted that this would require investments to increase the government's and local authorities' capacity in the field of monitoring and evaluation. It was also suggested donors should put more focus on their own monitoring activities, including increasing the number and reach of physical field monitoring activities.

Disclaimer: This field bulletin is prepared following a brief field study and also uses secondary data. The information presented in this field bulletin does not imply official endorsement or acceptance by the United Nations. Although the RCHCO aims to confirm all information independently, occasional factual inaccuracies can occur.

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¹³ Based on conversations with community and NGO staff in a Hill district.