BRITISH COUNCIL

Civil Society in a Federal Nepal: A Landscape Study

STUDY ON CSO LANDSCAPE IN NEPAL

Final report

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ACKNOWLEDGEMENTS

CONTENTS

ABBREVIATIONS

A

AIN
Association of International Non-government Organisations

C

CA
Constituent Assembly

CACs
Citizen Awareness Centres

CBO
Community Based Organization

CEDAW
Convention on the Elimination of All Forms of Discrimination Against Women

CRC
Convention on the Rights of the Child

CRPD
Convention on the Rights of person with Disabilities

CS
Civil society

CSO
Civil society organizations

CSR
Corporate social responsibility

D

DFID
Department for International Development

DM
Deputy Mayor

E

EU
European Union

F

FGD
Focused Group Discussion

FNJ
Federation of Nepali Journalist

I

ICCPR
International Covenant on Civil and Political Rights

ICERD
International Convention on the Elimination of All Forms of Racial Discrimination

ICNL
International Centre for Not-for-profit Law

INGOs
International Non-Governmental Organisations

K

KIIs
Key informant Interviews

L

LG
Local Government

LGCDP
Local Government Community
Development Programme

M
MAP
Mutual Accountability Programme

N
NFN
NGO Federation of Nepal

NGOs
Non-Governmental Organisations

O
OECD
Organisation for Economic Co-operation
and Development

S
SWC
Social welfare council

SDG
Sustainable Development Goal

U
UML
(Communist Party of Nepal) Unified
Marxist-Leninist

UNDP
United Nations Development Programme

USAID
United States Agency for International
Development

W
WAC
Ward Awareness Centres

EXECUTIVE SUMMARY

Introduction and Background

Nepal's civil society (CS) has played a significant role in the country's political and economic transformation during the past three decades. As Nepal transitions to a federal system with three tiers of governments, the environment in which the civil society organisations (CSOs) operate is also changing. This study is part of a British Council Nepal initiative to develop a better understanding of the shifting civic environment, issues of CSO sustainability, and the opportunities and challenges for CSO engagement in Nepal's development process.

Methodology

This study focused on three key areas: (a) the political and economic dynamics around the CSO environment in the country, (b) the challenges and opportunities for CSO effectiveness and sustainability, and (c) the best practices and potential approaches for improved CSO engagement in Nepal's development, especially in the socio-political sector. To answer questions around the three key areas, independent researchers conducted a literature review, six Focus Group Discussions (FGDs), and fifty-six Key Informant Interviews (KIIs) in Kathmandu and five other districts representing four of the seven provinces in April / May 2019. The FGD and KII respondents were purposively selected to represent important stakeholders and sectors, and efforts were made to ensure a good gender balance. A data analysis framework was developed to allow evidence to be transcribed, translated, coded, analysed and triangulated across a broad matrix. Given that Nepal is still very much in a state of transition, the significant characteristics and trends identified in the research should be seen as reflecting only a point in time, which may change in the future.

Setting the scene - Historical Legacies and Foundational Factors

(a) Historical Legacy

Nepal has a long tradition of civil society engagement in society and politics. In their modern form, CSOs only emerged in the first half of the 20th century but flourished after the 1990 democratic restoration, and have played an important role in social welfare, community development and democratization. After 1990, CSOs have gradually shifted from community development and livelihoods to rights-based activism and social movements. The increasingly political nature of the CSO movement, and its links with external stakeholders, generated mixed response from the Nepali people and the political actors in the post-conflict period and during the drafting of a new constitution.

(b) What is 'Civil Society' in Nepal

The terms civil society and CSOs do not appear to have been commonly used until relatively recently. These and the term NGO (non-governmental organisation) are often used interchangeably but CSO is seen more favourably as, at least government stakeholders know, it includes the contribution of professional associations, academics, social movements, and activists to Nepal's democracy and public interest, especially during the 2006 political movement. The public at large lack a clear understanding and associate CSOs with NGOs. This study adopts the definition of CSOs offered by Organization for Economic Co-operation and Development (OECD) to mean: "all non-market and non-state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain" (OECD, 2012).

At present there are a large number of registered CSOs in Nepal, including professional associations, not-for-profit companies, NGOs and Community Based Organizations (CBOs). These include the 49,739 NGOs registered with the Social Welfare Council, 19,396 forest user groups, more than 33,000 community organizations registered with the Poverty Alleviation Fund, and about 300,000 mother's groups, clubs and user committees formed by government ministries. However, the exact number of CSOs that currently exist is debatable given the high "death rate" of CSOs, which is not recorded.

While national NGOs are organized around NGO Federation of Nepal, International Non-Governmental Organizations (INGOs) have an informal umbrella network, the Association of International NGOs of Nepal (AIN). The NGOs are functionally divided as national NGOs, registered in Kathmandu, and local NGOs, registered in the districts. There are also a wide range of thematic networks and alliances, but many aren't particularly active or well-organised.

Civil Society's role and focus, other than that of professional associations, is shifting towards development and service delivery, in line with government development priorities. Civil society's work in the sectors of rights, accountability, and marginalized people is lessening. Civil society also provides a platform for some individuals to enter politics, with many of the new local level politicians elected in 2017 having some sort of civil society background.

(c) Civil Society's Contribution to Nepal's Development

After 1990, CSOs supplemented government functions and have made a significant contribution to social welfare, community development, environmental sustainability, skills and livelihood development, micro-credit, health and sanitation, gender and minority human rights and inclusion, citizen empowerment and public awareness raising to name a few. CSOs now work mainly in service delivery roles benefitting often isolated and excluded communities and individuals, but they also provide technical skills and expertise and have promoted a range of social accountability approaches. All of the above is not necessarily recognised by government and members of the public, especially those who don't feel they've benefitted.

(d) Other Major Stakeholders in the Civil Society Sector

Many actors have a stake in the CS sector as it has significant influence on politics, economic development and social welfare, which often resulting in conflicts of interests. Major stakeholders are Foreign States and Unions; Federal, Provincial and Local governments (LG); Political parties; the Media; the Legal Profession; and Not-for-Profit Companies.

(e) Legal Framework affecting Civil Society

Nepal is a party to international legal frameworks, including the International Covenant on Civil and Political Rights (ICCPR), that protect people's fundamental rights and civic space in Nepal. The Constitution of Nepal also protects civil and political rights but allows for laws that impose reasonable restrictions. More than a dozen legal instruments affect the registration and operation of CSOs - key among them are: the Association Registration Act 2034 (1977), the Social Welfare Council Act 2049 (1992), the National Directorate Act 2018 (1961), the Company Act 2063 (2006), the Forest Act 2049 (1992), the Cooperative Act 2048 (1991) and the Poverty Alleviation Fund Act 2063 (2006). In addition to these, the government has recently introduced (or tried to introduce) other new regulatory policies and directives, and has shown a propensity to constrain the civic space by limiting civil and political rights.

Key Political-Economic Trends and Emerging Issues

After years of political instability, Nepal appears to have attained political stability. However, the political transition is incomplete, and the country faces considerable challenges related to democratization, good governance, and control of corruption. After the promulgation of a constitution in 2015, worries about foreign funding of rights-based social movements and their implications for national security, social stability, the spread of Christianity, has generated a propensity to control and regulate the CSO sector. The federal government's effort to control the civic space has gone hand in hand with an effort to administratively control the provinces and the local bodies through bureaucratic mechanisms that extend to the district-level. The provinces are yet to find their feet—in administrative, resource and political terms. The local governments, however, with significant new powers, feel more confident and stronger, and are using their new-found confidence to try to assert control on the CSO sector.

There is a widespread belief among the elected representatives that they are the true representatives of the people and that they don't need CSOs to mediate the government's relationship with the people.

The position of the Deputy Mayor - 91% of which are female—has become emblematic of the complexities of federal transition. In particular, it highlights issues related to constitutional rights, gender, inclusion, decentralisation, confused roles and remits, political party power, weak local government capacity and accountability.

There are many positive trends for CSO governance, capacity and sustainability, with some CSOs having developed internal governance and organizational performance capacity through donor support, and a few are working to become more self-reliant. However, major negative aspects include overall low capacity in leadership and strategic management; financial management; technical skills; human resource management; and governance. CSO governance is one of the critical issues affecting the sector, with stakeholders claiming minimum standards of transparency and accountability are not met and many organizations resemble family-run businesses. The sector, overall, is losing credibility and public trust because of issues related to governance, transparency, and effectiveness.

In terms of sustainability, the main hurdle for CSOs is funding. Although more funding is becoming available through government programs and private sector initiatives, CSOs

significantly depend on donor funding. Similar to many parts of Nepalese society, CS is heavily politicised, and its role is also undermined by corruption.

Although donors are important partners in Nepal's development, there has been a marked resistance to the programmes and policies of the donors in their support to soft areas like rights and awareness. A new discourse about prosperity and infrastructure development guides political attitudes and argues that donors should align their priorities with that of the government and a bottom-up approach to selecting and designing programmes.

Formal community and CS participation is not taking place, but other forms have been taking place outside of formal CSOs - for example, young and individual activists and loose networks taking social action - but it does not appear to be extensive or sustained.

What it all means for Civil Society

Analysis above has identified key areas, issues and trends that are all affecting CS and its ability to contribute positively to Nepal's development. Much of what's been highlighted is incredibly inter-connected, with causal links often complex and displaying both positive and negative aspects (depending on one's perspective). The picture is dynamic and muddled, with challenges of inter-dependencies.

The following points have, however, been unpicked to identify the most important factors influencing, constraining and opening up opportunities for the CS sector.

- There's huge potential for CS to collaborate with government at all levels.
- CS's role has changed and there's considerable confusion working with LG - and CSOs aren't seeking to convene around common agendas in response.
- CS space is being limited and CSOs' operations are controlled by governments.
- CS's contribution isn't sufficiently recognized and valued by the government or the public.
- Government perception of donors, and the way funding is channelled, is an important factor shaping the CSO environment.
- The influence of political parties is diverting CS away from delivering neutral public good.
- Inclusion, especially for women, children and young people, still needs to be delivered.
- There is a very strong need for mutual accountability between government and CS.
- CSOs' significant role in promoting democracy, rights, and good governance, will continue to come into conflict with the forces of the market and political economy at all the three government levels.
- CS has not yet worked out how to balance its service delivery and watchdog roles.
- Politicisation of the CS sector means cross-sector co-ordination and collaboration are weak.
- Government / public perceptions of CSOs have weakened CS policy influence and access to resources.
- Developing ways to support activists and loose social change networks - without undermining them - would potentially open up transformative opportunities through grassroots action.
- Weak CSO governance undermining credibility and trust, is letting in private companies and consultancies to take CS's place in working with the local government.

- CS leaders believe that government trusts donor agencies and INGOs more than indigenous CSOs.
- The inability of CSOs to demonstrate their accountability sufficiently is seen as one of the reasons why government has been intervening in the CSO landscape.
- Through withdrawal of support for governance, action by donors is helping to shrink CS space.
- There's a need for leadership and vision on how CS and government can create a more conducive atmosphere in which to work together
- CS support could add much needed implementation capacity for government.
- The scope of work of local government have increased so much that CSOs with specialist knowledge and expertise will be in great demand to help design and deliver services.
- CSOs have easy access to the local governments, but there is little consistency at the bureaucratic and government levels, making access to resources and contributing to development difficult.
- The UN's Sustainable Development Goals (SDGs), which Nepal has signed up to, provide useful mechanisms for improving both service delivery and accountability.
- There's still great demand for civic education & skills development, especially for women and youth.
- Helping to build the capacity of recently elected female politicians could reap huge benefits for all stakeholders.
- Developing new approaches to self-reliance could prove very worthwhile for individual CSOs.
- CSOs are most significantly affected by relations of power between stakeholders that can shape the legal environment and CSOs financial sustainability.

Recommendations for more effective CSO engagement in Nepal's Development

- Improve CS-Government Relations and Collaboration by developing a two-way co-operation agreement, which provides a basis for both sides to work together by agreeing values, principles, roles and responsibilities.
- Improve CSO governance through greater local ownership and adoption of self-regulation and accountability tools.
- Develop CS self-reliance through a joint CS-governments-donors funding working group and rolling-out new approaches in a conducive enabling environment.
- Improve cross-sector CSO coordination, collaboration, trust and a sense of being part of a bigger whole, through joint campaigns, or making joint approaches to engage with LG on CS's own terms.
- Review and refocus on Inclusion for women and young people through skills and capacity building, including for recently elected female politicians.

SECTION 1: INTRODUCTION AND BACKGROUND

The political environment in Nepal has undergone substantial change in the last decade or so, and civil society[1] has played a key role in this transformation over that period, including supporting social cohesion, promoting accountability and facilitating service delivery.

While political changes have been overwhelmingly positive - including stable government and a new Constitution - Nepal is currently making a major transition into a federal structure of governance. This study focuses on the challenges and opportunities for civil society (CS), and the development of Nepal, being brought about by these multi-level changes in government structures, responsibilities and processes.

To utilize learning from its 'society'[2] work in other (especially South Asian) countries in a meaningful way for Nepal, the British Council initiated scoping exercise and discussions by bringing together a range of civil society leaders and practitioners. These discussions have focused on the challenges that civil society is currently facing and potential solutions to address them. The issues raised included civil society-government relations, the transition of local governance, the operating environment for Civil Society Organisations (CSOs), and CSO capacity and sustainability. This study is the second stage of that scoping exercise and has been commissioned to develop a greater understanding of these subjects and to facilitate wider discussion among all key stakeholders.

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[1] Definitions of civil society / civil society organisations, etc are discussed in section 5(b) below

[2] The British Council's strand of work entitled 'Society' focuses on strengthening citizen engagement with governments and producing stable, secure and open societies through four key intervention strands on governance and civil society, rule of law and access to justice, social enterprise and empowering women and girls

SECTION 2: PURPOSE

The main purpose of this study is to:

- build knowledge about the landscape for CSOs in Nepal in the context of the new constitution and federalism;

- generate evidence and learning about civil society's contribution to Nepalese development, and how it can best be supported;

- facilitate and encourage constructive discussion and action to enhance civil society engagement and impact in Nepal through wide dissemination to CSOs, government, donors, and other stakeholders.

SECTION 3: METHODOLOGY

Three key research questions were framed to guide the study:

- What are the political-economic dynamics around the CS environment in the country, the provinces, and at local levels after recent political changes, structural transformation and policy shifts?

- What are the challenges and opportunities for CSO effectiveness and sustainability?

- What are the best practices and potential approaches for improved CSO engagement in Nepal's development, especially in the areas of governance and civil society; women's and girl's empowerment; justice, security and conflict resolution; and social enterprise[3]?

To answer these questions, a team of three independent researchers (two Nepalese and one international) reviewed a range of reports and documents (see Bibliography at Appendix 1), and held discussions with a wide range of stakeholders, during April 2019.

More specifically, the research utilised a Political Economy Analysis approach, and used a bank of questions (see Appendix 3) to conduct semi-structured Key Informant Interviews (KIIs) and focus group discussions (FGD) in Kathmandu and four of the seven Provinces - see Appendix 2 for Participants List. The primary focus was on understanding local dynamics in order to generate background knowledge about how potential programmatic interventions in the future may interact with these dynamics. The questionnaires were based on the core questions above, with additional questions relevant to the respondents' area of expertise or experience.

A preliminary analysis of documents, which included CSO research, donor strategy / policy documents and reports, and academic research, was carried out to identify different types of stakeholders. The samples for KIIs and FGDs were then purposively selected to represent the stakeholders identified as well as to draw experiential information about opportunities for moving forward. The list of respondents was revised and added to as the study progressed to adequately represent all types of stakeholders and to gain operationally relevant information about best practices and potential areas of intervention.

A lot of relevant information was drawn from document review as a considerable amount of literature about the CS sector in Nepal exists, including in-depth analysis of the legal instruments, donor reviews, and different indicators of CSO sustainability.

A total of 55 KIIs were conducted in Kathmandu and five other Districts. Similarly, 6 FGDs were conducted in Gorkha, Dhanusha, Banke, Dang (2) and Surkhet involving 63 participants. One of the FGDs consisted of solely female participants. The respondents for KIIs were chosen to represent different sectors as well as their understanding of CS engagement in, and contribution to, Nepalese development and the ramifications of recent political changes for the CS sector. The respondents included CS leaders and practitioners, donors, politicians, government officials, journalists, and academics.

The FGDs were conducted with a wide range of CSO leaders and senior managers from across different sectors, with priority being given to those operating at sub-national level, and facilitated

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[3] *One of the* priority areas of the British Council

through the engagement of relevant CSO geographic and/or thematic networks. Efforts were made to ensure a broad range of views on recent CS experiences and for clarification / understanding of identified issues.

The districts and locations for data collection were purposely selected for their potential to generate good comparative data by collectively covering:

- the different levels of federal, provincial and local governments and their progress in implementing federal decentralisation
- changes arising from new political boundaries after restructuring of the state, including representation of hills, the Madhesh and ethnic/marginalized groups
- a wide range of CSO activities, especially in the sectors of governance; women's and girl's empowerment; justice, security and conflict resolution; and social enterprise
- areas in which key donors are concentrating,

Significant efforts were made to ensure **good gender balance** in all data collection including identifying appropriate women as key interviewees. About 30% of total respondents were female. .

To ensure research findings are robust, a data **analysis framework** was developed to allow evidence to be transcribed, translated (if required), coded, analysed and triangulated across a broad matrix. The matrix covered the different sources of data and the evidence contained in answers to the key (and supportive) questions including evidence on key areas of political economy analysis such as roles and responsibilities; power relations; historical legacy; decision-making; corruption; and implementation of policy / services at different levels of government, plus issues of CSO governance, capacity and collaboration, and gender / minorities and inclusion.

Data limitations:

Although all the evidence was cross-referenced as much as possible, there was insufficient time and resources to conduct extensive surveys and investigate some of the things in depth. However, overall there was a high degree of commonality across data collected, the impact of any inaccuracies should be slight and not distort findings significantly.

That said, it was apparent throughout the fieldwork, that the situation across Nepal is still very much in a state of flux, with changes (e.g. in personnel, policies, and budgets) happening daily. This research should, therefore, be seen as reflecting a moment in time - but with trends accurately highlighted.

The main area where evidence could be debatable relates to highlighted examples of individual CSOs' involvement in specific project delivery. The latter could be subject to a degree of overstatement or embellishment as corroborative independent investigation / evaluation is beyond the scope of, and time available for, this research.

SECTION 4: REPORT STRUCTURE

The first main section of this report (Section 5 below) provides background information on (a) the context and recent socio-political history of Nepal relevant to the present day CSO landscape; (b) a description of what civil society in Nepal looks like - including number and types of CSOs, CS sector organization and infrastructure, CS's changing role and focus, and funding; (c) the contribution CS has made to Nepal's development; (d) a description of other major CS sector stakeholders - including foreign states, and the different levels of Nepalese government; and (e) the legislative and policy instruments that frame CS's operating environment. All of these sub-sections are based on data collected and are meant just to set the scene. More specific analysis comes in Section 6 'Key Political-Economic Trends and Emerging Issues' that's based on research findings on key areas relevant to CS engagement in Nepal's development. This includes the political context and factors affecting the CS operating environment; key trends and issues within the CS sector; donor engagement; and community participation and action. Section 7 concludes what all of the above means for CS and highlights the challenges and opportunities it faces. Finally, section 8 outlines recommendations for enhancing CS's contribution to Nepal development.

SECTION 5: SCENE SETTING - HISTORICAL LEGACIES AND FOUNDATIONAL FACTORS

5.1 Historical Legacy

Traditionally, Nepal has a long history of civil society engagement in social welfare, governance and political accountability including mechanisms for mediation and conflict resolution across all ethnic communities[4]. However, CSOs in their modern form began to appear in the first half of the 20th century, with the first modern NGO (Non-Governmental Organisation) registered in 1926. The first elected government introduced the Association Registration Act 2016 (1959) with a promise of greater citizen involvement - some 37 new NGOs registered at that time. The subsequent Panchayat (party-less) System both facilitated and controlled the nature of public participation by managing civic associations and social welfare initiatives under the patronage of the royal family[5].

1990 opening up

The CSO movement in Nepal picked up pace after the 1990 political movement which restored multi-party democracy. The political change, followed by Nepal's signing of the International Covenant on Civil and Political Rights (ICCPR) in 1991, facilitated the entry of International NGOs (INGOs), which in turn fuelled the growth of the NGO sector. One factor was the Social Welfare Act 1992, which required INGOs to work through local partners. There were about 220 registered NGOs at the time of restoration of democracy. The number jumped to almost 40,000 by July 2014 and 49,739 by March 2019[6].

CSO contributions

CSOs and NGOs have played an important role in social welfare, community development and democratization. NGOs and other CSOs became significant alternative vehicles for social change and service delivery after 1990. They were also important agents of globalization, sometimes reshaping international ideas and values according to the local context and needs - especially in environment and sustainability areas[7]. After 1990, there was a gradual shift of CSOs from livelihoods and community development to rights-based activism leading to various types of social movements[8]. For example, civil society was an important vehicle of change in 2006 when political parties had lost people's trust. During and after the 2006 political movement, the state was seen as a failure and civil society the saviour of democracy and a champion of the marginalized[9].

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[4] There are many studies exploring these issues. For example, see Bhattachan (2000) and Dahal (1986), Pokharel (2000), Ghimire (1998)

[5] Ghimire, H. H. (2001). Nepalma Vikas Ka Prayashharu (Developmental Practices in Nepal). Kathmandu: Sajha Prakahsan

[6] http://www.swc.org.np/wp-content/uploads/2019/03/Total-NGO-till-Falgun-2075.pdf

[7] Bhandari, Medani. Civil Society and Non-Governmental Organizations (NGOs) Movements in Nepal in terms of Social Transformation. The Pacific Journal of Science and Technology. Volume 15. Number 1. May 2014 (Spring), pp. 177-189

[8] Dhakal (2002)

[9] Bhatta (2016)

"The political change of the 1990s opened up greater possibilities of organising outside the state. ... In this period the shift from service provision to greater engagement in advocacy and policy emerged. Parts of civil society began to assume a more political (but not necessary partisan) role managing, for example, to abolish the practice of bonded labour after ten years campaigning. During the last decade [up to 2011], Nepalese civil society became a key actor in the political developments of the country. First, during the civil war (1996 to 2006), humanitarian CSOs had greater access than the two sides to the conflict and could provide emergency aid and to some extent monitor human rights abuses. As the new democracy movement gained momentum, CSOs played a prominent and critical role in inducing Maoists to join the democratic politics; organising the April mass movement of 2006; and, providing pressure for the Comprehensive Peace Accord of 2006. This was possible because of the space created for civil society activism by: i) the miscalculations of the new king; ii) the lost credibility of the political parties as a result of squabbles, corruption and inefficiencies; and iii) the negative effects of the civil war on people's lives[10]."

Post-conflict debates about role of CSOs

The CSO / NGO movements in Nepal were at the centre of debate after the Maoists joined the peace process in November 2006. While the Maoists blamed the civil society and NGOs as attempting to weaken the communist movement, the mainstream parties blamed the NGO-led rights movements in the districts for having fuelled the Maoist movement. A series of CSO-led social movements ensued after 2006 around the rights of indigenous nationalities, women, Madhesh, and marginalized communities, further generating conflicting perceptions about NGOs / CSOs. These movements facilitated the rise of a political alliance led by the Maoists around the ideals of federalism and multi-culturalism in the 2008 Constituent Assembly (CA) elections.

New agenda

Worries about foreign funding of rights-based social movements and their implications for national security, social stability, the spread of Christianity, and the rise of Maoists, led to the failure of the first CA, and the rise of the Nepali Congress and the Communist Party of Nepal-UML in the 2013 elections for the second CA. The resurgence of Nepali nationalism, coupled with the 2015 earthquake, pushed through the Constitution of Nepal 2015[11]. Nepali nationalism was further bolstered by a strong anti-Indian sentiment after India failed to welcome Nepal's new constitution and enabled a blockade of Nepal's southern border seeking several immediate amendments. A series of elections were held for the three tiers of governments in 2017 and 2018, leading to the formation of 761 governments at the federal, provincial, and local levels. Except in Province 2, the governments are dominated by a communist alliance forged around the electoral agenda of nationalism, stability and prosperity.

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[10] Magnusson Ljungman, Cecilia and Mohan Mardan Thapa. 2013. Evaluation of Danish Support to Civil Society: Annex G Nepal Country Study

[11] Several factors appear to have played a key role to force the Maoists to let go of their stance and side with the Nepali Congress and CPN-UML for the promulgation of the constitution. One of the factors was the psychological impact of the devastating 2015 earthquake. For example, see Pushpa Kamal Dahal Prachanda's speech in the parliament on 13 August 2015 *https://youtu.be/6cPiTjt34e8*

5.2 What is 'Civil Society' in Nepal?

The term 'civil society' or 'CSO' seems only to have come into use in Nepal from 2006 onwards. Prior to that the term 'NGO' (Non-Governmental Organisation) was more common. Currently, there are mixed views about what is meant by CS or CSOs - sometimes it's only NGOs, sometimes everything except NGOs, and sometimes the broad range of entities that fill the gap between government, the market and individuals. In Nepal, there is the added difficulty in identifying who or what CS is, as there are many complaints that some associated with the sector have 'hidden' affiliations and interests.

For the purposes of this report, the terms CS and CSOs will be used to mean:

"All non-market and non-state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain. Examples include community-based organisations and village associations, environmental groups, women's rights groups, farmers' associations, faith-based organisations, labour unions, co-operatives, professional associations, chambers of commerce, and independent research institutes & not-for-profit media" (OECD, 2012)

The definition of CS in Nepal is important as it links directly with the sector's image and public perception, and therefore its efficacy. For example, the term CSO appears to be preferred by those who no longer want to be called NGOs because of the latter's perceived drive to obtain foreign funding ('dollar harvesters') and can lead some to suspect their independence. 'CSO' is seen to have a more positive view because it includes, for example, women's groups, plus academics and activists that played a critical role in the campaigns for democracy. However, the ambiguity and interchangeability of the terms in day-to-day use is well-illustrated by one informant's statement that "by 'CSOs', everyone just thinks 'NGOs' anyway".

Numbers and Types of CSOs

For any efforts to improve the engagement with, and impact of, CS in Nepal's development, an indication of the size and shape of the sector is important.

As mentioned above, the number of NGOs registered with the Social Welfare Council (SWC) increased hugely from about 1995 onwards (from just 220 in 1990 to approximately 11,000 in 2000), and then again from 2007 onwards (to approximately 35,000 in 2011) to 49,739 by March 2019[12]. In addition to these, the number of community organizations registered with the Poverty Alleviation Fund is more than 33,000, while the forest user groups number about 19,396. In total, the number of user groups, mothers' groups and youth clubs formed by different ministries is about 300,000[13].

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[12] The figure is drawn from Magnusson Ljungman (2013) and the SWC website. See http://www.swc.org.np/wp-content/uploads/2019/03/Total-NGO-till-Falgun-2075.pdf

[13] GoGo Foundation, 2018. Legal Landscape Report on Civil Society Organization of Nepal. http://www.gogofoundation.org/downloads/CSMAP%20Report.pdf

However, due to a lack of capacity in the SWC and District bureaucracies to update data and actively manage the lists of registered CSOs, the numbers indicate an inaccurately high sector total - principally because "the government registers have birth rates but not death rates" and "they record registration but not activity". One District Social Development Officer explained that "there are lot of small NGOs registered with the government because they once got municipality funding, or they're one of many temple associations, but there's no provision for government to clear all the registers". The size and make-up of the CS sector is therefore an ongoing matter of speculation.

Interestingly, the NGO Federation of Nepal's 2015 Social Development Report found that if there were 100 NGOs registered, 25 would renew their registration annually, while only 10 would actually be active. The Federation says it currently has over 6000 registered NGO affiliates. Other sources suggest that the CS sector has may be 6-7000 active CSOs because "many may be active, especially in rural areas, but not formally renewing". These numbers seem to be focusing mostly on NGOs, and not including the vast numbers of community-based organisations such as women's, forest-users and savings groups mentioned above, nor the likes of co-operatives and trades-unions for that matter.

There are mainly three categories of NGOs, national NGOs registered in Kathmandu Valley, local NGOs registered in the Districts, and INGOs. There are currently 247 INGOs registered with the SWC, about 72 of them from the United States of America. INGOs are trusted by the donor agencies regarding their capacity and internal governance, but have mixed working relations with the governments, NGOs, and the NGO Federation. INGOs are not allowed to implement projects and programmes directly themselves, so they work through Nepali partner NGOs.

Some INGOs have created their own local NGOs - often using ex-local staff as founders / leaders. District level NGOs want the INGOs to work directly with them rather than through a national-level counterpart in Kathmandu.

A second type of CSO is informal citizens groups and grassroots initiatives that have emerged around different issues ranging from anti-corruption, policy reforms to environment and sanitation. These have been described as the 'people's movement' that is:

> "represented by a relatively wide and fluctuant group referred to as the "leaders of civil society" – including intellectuals, professionals, persons that have been involved in political activities and "common citizens". While maintaining an informal character, the "people's movement" has been backed by professional associations, such as the Bar Association and the Federation of Nepali Journalists and the business associations[14].

Recently, in Kathmandu, such groupings have made important contributions to gender rights, anti-corruption drives, and reforms in medical education. In Janakpur, meanwhile, youths have formed initiatives to clean the city, repair ponds, and reclaim public spaces.

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[14] Magnusson Ljungman (2013)

In addition to the NGOs and the people's movements, there is:

> "the main group of citizens that are active at community level, in some cases institutionalised, other times informal in character. According to the 2006 Civicus survey, 55% of Nepalese are members of at least one CSO and 93% of respondents volunteer in the community. NGOs and the authorities often consider these groups as "beneficiaries". These local community-based organisations are often isolated from the national NGO movement[15]."

Many of these groups are part of, now relatively inactive, local structures created by government during Local Governance and Community Development Programme (LGCDP) programme period (2008 - 2017) that should not be ignored. These groups include local peoples' 'citizens awareness centres' (CACs) that helped with issues such as registration, social mobilisation programmes, and identifying recipients for entitlements of social allowances. Though not properly registered and no longer receiving official support, members of the CACs (and residents' groups, and Ward Awareness Centres (WAC) apparently worked well with CSOs and local officials - advocating and co-ordinating along with CSOs. They are therefore an important element of Nepal's social capital.

CS Sector Organisation / Infrastructure

The CS sector is organised around a number of network bodies, primarily the NGO Federation of Nepal and the Association of International NGOs of Nepal (AIN). The former was set up in 1991 and is an umbrella organization representing the interests of NGOs in Nepal through a large governance structure and 77 District chapters. It has a considerable amount of influence in government policy making, especially in CSO-related provisions, but is not universally respected either by NGOs or the wider CS stakeholder group because of perceived politicization and weak capacity. AIN is an informal member-based network established in 1996. It currently has 140 INGO members (of the 247 INGOs that the SWC has recorded). Although AIN itself is not registered, it is recognized by government regulatory bodies including SWC and line ministries.

There are also a wide range of thematic networks but, due mostly to lack of resources, many aren't particularly active or well-organised. Some, for example the women's sector, are fragmented and politicised. However, others, including the likes of environmental and forest groups, and those representing people with disabilities and marginalized ethnic/caste community organisations, seem to be significantly stronger. In the case of the latter, politically powerful too. Geographically-based networks seem similarly patchy with some good examples including some, issue-based, informal alliances and networks, that may or may not be short-lived, such as in Banke where human rights activists have formed an informal network representing different CSOs and activists that meets once a month to discuss and address human rights issues. A similar group in Nepalganj, where CSOs seem fairly well organised, also meets monthly.

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[15] Ditto

CS Role and Focus

Prior to the new Constitution and local elections, many CSOs used to work almost 100% with and through the various Government Commissions (e.g. human rights, women's, planning, etc) but now that's said to be nearer to 50-60%, and many have moved from being rights-based to being development-based. Few organisations appear to be working on the governance agenda [16], which is seen as a challenging area, especially because of the difficulties of tackling corruption issues - see sections 6 (a)(i) and (b)(iii) below. Instead, most of the CSOs are working predominantly in service delivery roles, acting as support agencies for government. One commentator summed things up by saying that '*civil society is a little weak, it is not so active and vocal, especially in the sectors of rights, accountability, and marginalized people. These sectors are being displaced by the slogan of prosperity*'.

USAID's Mutual Accountability Programme (MAP) surveyed the 57 municipalities it's working in and found that 51% of newly elected representatives had come from a CS background - most from ward level (citizens forums and ward citizens awareness groups) - but also from NGOs too. This role-switching is proving a significant influence on the profile and role of the sector.

Funding

The vast majority of CSOs in Nepal are struggling with funding. Along with most other countries in the world, the weakest dimension of CSO sustainability is financial viability. "We rely on donations. None of us is sustainable or independent" (Surkhet FGD).

Generally, the CS sector is funded through a combination of donations, municipality target group budgets, and donor funding. Most of the latter comes through INGOs, then through the bigger local NGOs and networks. According to the NGO Federation, aproximately 1500 NGOs have been getting foreign donor funding, and there is a strong desire, especially from the bigger local NGOs and networks, for donor funding to come directly to them, not through the INGOs. There are a few philanthropic organisations in Nepal.

Most foreign donors provide funding for or through the CS sector for development projects and programmes. Support for governance, human rights etc is more limited, and USAID (United States Agency for International Development) and the EU (European Union) are seen as the most progressive donor in terms of providing funding for these areas.

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[16] For example, one interviewee suggested that, of less than 100 NGOs that had recently been funded to do some governance-related work, only 10-20% were 'real' NGOs - i.e. they were properly, relatively independently, and effectively engaging in this area

Fig1: Very approximate numbers of CSOs in Nepal

1500
CSOs who've received donor funding

6000
Active CSOs

50,000
Registered CSOs

300,000 CSOs in total
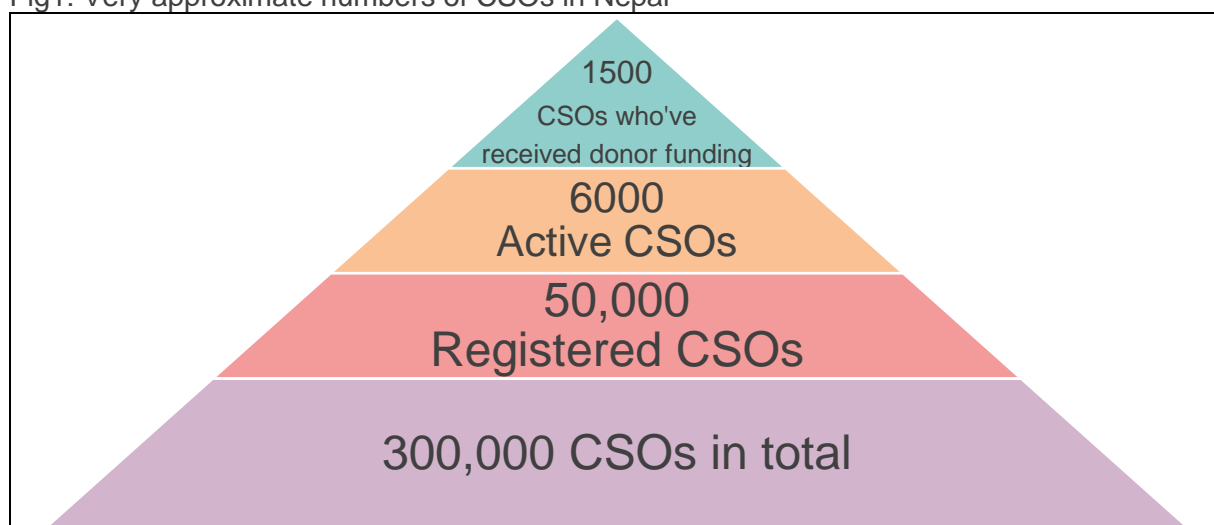
Source: drawn from study team's discussions and sources explained above

More on all these issues, and CSO governance, capacity and sustainability is discussed in sections E and F below.

5.3 CS's contributions to Nepal's development

There is no doubt that CS has contributed significantly to democratisation in Nepal and continues to contribute to many aspects of life across the country. CSOs and NGOs have played an important role in social welfare, community development and human rights and, as the state capacity was limited, NGOs and other CSOs became significant alternative vehicles for social change and service delivery after 1990.

The 'word cloud' below aims to give a visual depiction of the breadth and depth of the contributions highlighted in evidence collected for this study.

Fig 2: Word cloud of contributions by CS to Nepal's development

Source: Study team's discussion and evidence collected

As mentioned above, CSOs work mainly in service delivery roles where considerable benefit goes to often isolated and excluded communities and individuals. For example, this has been through raising awareness of existing public service provisions; or delivering their own customised health and nutrition programmes; building public toilets; or providing safe houses for victims of gender violence.

CSOs are reported to be responsible for promoting awareness about various issues such as human rights, environment, health, education, and peace-building. In the recent years, because of the CSOs activities, public awareness has increased tremendously, and there is increased awareness of civic and human rights and duties[17].

Due to insufficient government capacity, CSOs regularly plug gaps in public service provision, and do so in innovative and cost-effective ways.

> "In the Nepalese case, NGOs respond more quickly than the major government and the international organizations in providing primary services such as in health, water, and sanitation and primary education, often at lower cost (Lynch et al., 1997; Chand, 1998; Shrestha,1999). This response of NGOs to resolve social problems can be seen mostly in the health, environment conservation, and human rights movements in Nepal." (Bhandari, 2014)

In recent years, CSOs have also contributed process support for development activities such as facilitating public consultation; information dissemination; needs assessment; and developing disaster preparedness plans.

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[17] EU Country Roadmap for Engagement with Civil Society: Nepal (2016)

Additionally, CSOs in Nepal have been very successful in using their expertise and knowledge to advocate for social and political changes that have led to Nepal becoming a much fairer and more equal society. This is especially true for many women's, children's and marginalised ethnic group rights areas, and for issues such as bonded labour. A 2013 external evaluation of Danish support for CSOs also highlights:

"a number of concrete effects that have resulted from the advocacy efforts supported by Denmark during the last four years [2009-13]. For instance, the peacefully acquired land certificates and land access have a formidable impact on the concerned families and constitute a value that is estimated to be tenfold the input. Likewise, accessing of earmarked resources at the local level for disadvantaged groups has significantly enhanced the income of poor families. The raising of the minimum wage; the passing of legislation to fight impunity and promote ethnic inclusion; and, the establishment of social security schemes for single/widowed women are further examples. … It is noteworthy that these results have been achieved in spite of the difficult political environment - a constitution pending since 2007 and no legislature since May 2012[18].

Economically, CS has helped Nepal through the provision and management of micro-credit schemes; skills development training for women, Dalit communities and young people; and agricultural innovation. The formation of savings groups, efficient road and bridge building, and support for forest user groups can also be added to that. CS contributions to environmental aspects of Nepal are also significant, with many projects not only developing the sustainability of Nepal's natural resources but also combining that with complimentary building of local social capital through empowerment of both rural village and urban communities. Finally, many CSOs have been key to Nepal's social cohesion through their roles as mediators of local disputes and trusted contributors in peace and reconciliation actions.

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[18] Magnusson Ljungman (2013).

Government officials' * Views of Local CSO Contributions

- "CSO have worked in very small scale projects, however their contribution for social development is very meaningful."
- "CSO contribution on Province Hospital, Dang construction is very much appreciated."
- "There are good examples of non-legally registered organizations as well who are really good in their working area like Community Forest User Groups."
- "We have very much belief in CSO for making us more aware on some particular issues. Their advice is highly welcomed and is a good input for us. Their role on making our work more transparent and accountable, and their advocacy and advice are always key for every political and social movement, even in our [current] political changes."
- "CSO have coordinated well for many social disputes like - irrigation, water, violence etc."
- "The local governments and CSOs are working well with each other. We've heard of many instances where they've shared their budget for common interest and service delivery."

* Quotes from elected representatives and government officials during KIIs.

From the evidence collected during this research, a number of examples of CS activities are highlighted below to illustrate some of the useful contributions and good practices that have been, and are being, delivered across Nepal.

- Large NGO delivering across a wide range of areas

This large NGO covering multiple Districts in western Nepal is demonstrating useful expertise and management skills in delivering a broad range of projects covering rural water; schools' maintenance; public toilet construction; child rights; migration; untouchability; rural electrification; disaster management; social auditing; vegetable and medicinal plants centres; climate change; and civic education through drama performances that attract thousands of people. All is done in partnership with municipal and provincial governments, INGOs, and foreign and individual donors.

- CS networks delivering multi-strand training utilising a social enterprise approach

Working in both urban and rural areas, two linked women's networks are delivering supplementary sexual and reproductive health training (e.g. what is consent, etc) in schools, with self-defence training to deal with sexual harassment. Separately, they also provide training in leadership and journalism for participants mostly nominated by a variety of women's self-help groups.

All this is delivered via mixed funding / income streams of project funding from donors, municipality funding, donations from individuals, and selling services. The latter involves charging fees to organisations for training and using that income to cover the cost of delivering similar training for women in communities and schools' groups who are unable to pay.

- Previous CS-developed social capital being utilised to support new Local Government processes

Because the legal system is cumbersome, complex and expensive to engage with, various alternative community dispute resolution systems were developed over the last twenty years, and these have been very successful, especially for small petty cases. Now the Local Government Act has included a provision for Judicial Committees involving politically-elected and appointed people hearing cases. However, through extensive CS advocacy and negotiation, and NGOs and government working together, those who were trained as community mediators for the alternative dispute resolution processes have now been enlisted as mediators for the Judicial Committees. Thus, the millions that were invested on training will not have been wasted and capacity not lost or duplicated.

- Co-produced service delivery with effective exit strategy and sustainability built in

One national NGO is jointly delivering a health / disabilities project that's 33% local NGO, 33% the national NGO, and 33% provincial government run. Part of the project agreement is to gradually hand over the project to government in six years' time, making this funding and delivery model attractive for all parties and with a good likelihood of sustainability.

- Creative approach to civic education

A youth network has been using poetry and drama and innovative methods such as 'flash mobs' in the Kathmandu Valley to raise awareness about voting, government, the Constitution, etc among college students. The focus is on supplementing civic education in the syllabus that's relatively theoretical and not very practical, and materials provided by the government, with youth-to-youth engagement in local languages. The CSO is also delivering the civic education through drama programmes on community radio, especially for rural areas, the cost of which is less than a commercial advert.

- Joint CSO / Government follow-up action

A District-based NGO has been working alongside a local municipality (with multilateral donor funding) to reinstate and develop the water provision for relatively isolated schools and communities. The programme is not just about putting the 'hardware' in place but includes the NGO and government in on-going joint monitoring of infrastructure maintenance and water quality, which has developed good relations and trust, as well as addressing community needs.

- An INGO example of Good Practice

An INGO gives a 10-year commitment to areas it works in. After an initial six month pre-appraisal, followed by SWOT[19] analysis of potential partners (from list and recommendations provided by local government) and then full participatory context analysis, the INGO then agree partners, who then identify social mobilisers in villages to create groups acceptable to the local

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[19] SWOT - Strengths, Weaknesses, Opportunities and Threats

community. Different groups are then linked with specific existing networks (e.g. women's, Dalit, agriculture, etc). Partnerships include capacity building for local NGOs / CBOs and for citizens (life-long learning and civic education not taught in schools).

- CS-Private Sector Engagement

CSO advocacy with the Private sector is not very common but a considerable amount appears to have been achieved by this NGO's engagement with private banks and the Federation of Nepalese Chambers of Commerce and Industry. Their joint conference on gender issues delivered the message that these were important for business too.

- Large, foreign-donor funded governance project.

A 5-year accountability programme operates in 34 Districts to provide space for CS and the media to dialogue with local government. Its Dialogue Forums produce action plans, including issues identified for provincial level attention, and support major strategic planning processes. Additionally, the programme has created Ward Community Assemblies to talk about common issues, with the Ward chair listening and acting on any issues. A manual on civic engagement is now being produced, and there's also a considerable amount of IT input to support programme activities.

- Individual Activism for Community Environmental Benefit

A young man has led an organic youth initiative to clean up Janakpur city, which has gained widespread recognition and appreciation. After years of studying and working in India, he returned two years ago and started a movement. He wants to convert this into a social enterprise, where the waste can be commercially recycled. There are many other young people like him.

- Traditional culture addressing current social issues

One of Nepal's original arts and culture institutions uses a unique approach to address social issues with local communities through theatre and performance arts. They visit places and identify social issues and then dramatize their issue. In the midst of the play, they ask the local audience what the potential solutions to the problem would be, as they believe that the people are capable of finding their own solutions, and they want to help them highlight them. Most of the funding comes through government agencies, which use the medium for awareness raising and communication.

Key things about almost all these examples are cross-sectoral approaches and mixed delivery methodologies, and CSOs working in collaboration with Governments.

5.4 Other Major CS Sector Stakeholders

In their role as change agents in development and aid mobilizers, the CSOs have significant influence on politics, economic development and social welfare. As a result, many actors have a stake in the CS sector. This section describes some of the most important stakeholders from outside the CS sector who play an important role in shaping the environment in which CSOs operate in Nepal.

Fig 3: Civil Society and their stakeholders
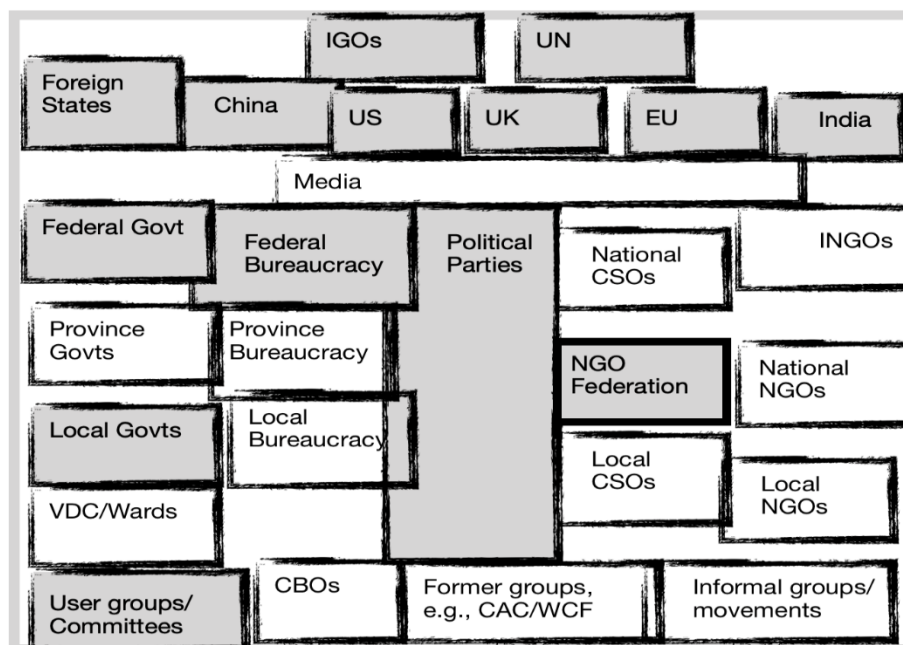
Foreign States and Unions

Foreign states and unions have a strong interest in promoting a conducive environment for CSOs, supporting their participation in domestic policies, and enhancing their capacity to contribute to development and change. However, some of their support for CSOs is seen as promoting foreign policy and the strategic interests of foreign governments[20] and some donors were accused of disturbing social harmony[21].

> "Although the level of foreign aid is relatively low in Nepal, as compared to many other poor countries, the allocation of foreign aid to specific sectors may still affect the local power dynamics. The allocations to decentralization, human rights and peace building, as they appear in the OECD-DAC statistics (Table 6), are in particular so large, relative to the spending by the Nepal government, that we shall expect the donors to have influence[22]."

> These successes *[important legislation and policies - particularly related to women's social, political and legal status - being passed as a result of CSO activism]* have been part of the reason for accusations by the political and bureaucratic leadership against donors of "over-empowering" CSOs. They argue that this has caused greater societal polarisation along caste and ethnic lines which they claim can disrupt social harmony in the current sensitive

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[20] For example, the National Security Policy discusses some of these "threats" to national security, including "receiving foreign assistance that is illegal and against national interest and conducting unwarranted activities" (p. 13).

[21] http://kathmandupost.ekantipur.com/news/2018-03-28/pm-briefs-international-community.html

[22] Hatlebakk, Magnus. 2017. Nepal: a Political Economy Analysis. Norwegian Institute of International Affairs

identity-based political environment. Some donors have responded by showing greater reticence towards funding CSOs… Some donors are also caught between wanting to strengthen advocacy efforts of CSOs by showing moral support, but at the same time wanting to avoid the risk of "tainting" these organisations as being donor "puppets"[23].

Federal government

The federal government is in the process of introducing policies and practices to tightly regulate the CSO sector. The government believes that some NGOs are carrying out activities that threaten the sovereignty and territorial integrity of Nepal and many NGOs are mired in corruption.[24] These policies and practices are discussed in greater detail in section (e) below.

Provincial governments

As the provinces are in the process of formulating their own civil service acts, staff from the existing civil service have been deputed to the provinces and the local levels in accordance with the Employees Adjustment Act 2074 BS (2017). [25]One of the significant cross-cutting issues regarding the provinces is corruption as mechanisms for oversight and control are not fully in place.

Local governments (LG)

The 753 local governments (including metropolitan cities and rural municipalities), are currently the most significant stakeholders for CSO engagement due to their formal power to 'co-ordinate', and the significant budgetary resources they control for sectors and policy areas where CS and LG have traditionally collaborated. Their engagement with CSOs, however, is evolving.

Political parties

Political parties have a significant stake in the CSO sector. The CS sector is a platform for individuals to jump into politics, and historically, political parties have close relations with CSOs as a means of engaging their party workers, influencing voters or delivering services to political constituencies. CSOs, in return, look to political affiliations to gain access to government resources and public office.

Media

The media plays a significant role in shaping perceptions about CSOs, discussing government policies, and keeping a watch over the governments and CSOs. However, like other sectors, the media sector also has problematic relations with politics and the political economy. In recent years, journalists have begun to be affected by different types of conflicts of interests.

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[23] Magnusson Ljungman (2013)

[24] *https://thehimalayantimes.com/nepal/govt-to-regulate-ngos-says-baskota/*

[25] Although the Ministry of Federal Affairs and General Administration (MoFAGA) has announced completion of the process, it has generated widespread discontent. See *http://kathmandupost.ekantipur.com/news/2019-04-28/civil-service-adjustmentcompleted-in-paper-not-in-practice.html*

Legal Profession

The Nepal Bar Association and its members have historically played a significant role in Nepal's democratic and social movements. Although the Nepal Bar has been divided politically in recent years, members of the legal profession are actively engaged in accountability, legal aid, advocacy and human rights initiatives linked to CSOs and NGOs.

Not-for-Profit Companies

Not-for-Profit companies are becoming an important part of the CS sector. The government encourages CS micro-enterprises to be registered as not-for-profit companies. The market sector's public service initiatives, private trusts, and not-for-profit private institutions also prefer to operate under this framework.

5.5 Legal Framework affecting the CS Sector

This section describes what regulations, legislation, and/or policies are in place and provides background as appropriate. Issues and implications are then analysed and discussed in Sections 6 and 7 below.

International Legal Frameworks

International legal frameworks, including the Charter of the United Nations and the Universal Declaration of Human Rights set out the ideals that states are expected to follow and CS is expected to advance[26]. Similarly, Nepal acceded to the ICCPR and its Optional Protocol in 1991. Articles 19 and 22 of the ICCPR, in particular, protect the right to freedom of expression and the right to freedom of association and limits the supervisory role of the state. The right to freedom of association applies to those that are registered as well as those that are not registered[27]. UN norms also require that foreign NGOs be subject to the same rules as national NGOs.[28]

Other key international agreements relevant for the civil society environment and to which Nepal is a party include the International Covenant on Economic, Social, and Cultural Rights (ICESCR) and its Optional Protocol; the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD); the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and its Optional Protocol; the Convention on the Rights of the Child (CRC); and the Convention on the Rights of persons with Disabilities (CRPD).

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[26] https://undocs.org/A/HRC/35/28

[27] United Nations Human Rights Council, A/HRC/20/27, "Report of UN Special Rapporteur on the rights to freedom of peaceful assembly and of association, Maina Kiai" May 21, 2012

[28] United Nations General Assembly, A/64/4226, "Report of the UN Special Rapporteur on the situation of human rights defenders, of the Secretary-General on human rights defenders, Margaret Sekaggya, in accordance with General Assembly resolution 62/152" August 4, 2009, page 24.

UN Special Rapporteurs argue that the right to freedom of association under international law, standards and principles covers the ability of civil society organizations to access resources, both international and domestic. Any restriction on access to funds must meet stringent standards. For example, in his report the then UN Special Rapporteur Maina Kiai expressed concerns about "restriction of access to funding, particularly foreign funding" by stigmatizing recipients as foreign agents[29].

UN Sustainable Development / Global Goals - Although not legally binding, Nepal is one of 193 countries that adopted a set of 17 goals to end poverty, protect the planet, and ensure prosperity for all. Each goal has specific targets to be achieved by the year 2030, and countries have a primary responsibility for reviewing progress made in implementing the Goals, which cover a range of development areas, including reducing inequalities and building effective and accountable institutions at all levels. Nepal's National Planning Commission has aligned its monitoring framework to monitor progress against the goals. Citizens and CS also play key roles in watching and supporting governments' progress - at all levels.

Constitution of Nepal

The Constitution of Nepal, which came into force on 20 September 2015, protects individual freedoms—including civil and political rights—as well as economic rights, social rights, and cultural rights. Article 17 of the Constitution also guarantees an enabling environment for civil society by protecting freedom of opinion and expression as well as the freedom to form associations and political organizations. However, the Constitution also allows for laws to "impose reasonable restrictions" to protect national interests such as national sovereignty, national security and harmonious relations between different federal units, communities and identity groups. Article 51 (j) (14), in particular, outlines a policy regarding social justice and inclusion: "To adopt a single door system for the establishment, approval, operation, regulation and management of community-based and national or international non-governmental organizations and to involve such organizations only in the sectors of national need and priority, while making investment and the role of such organizations transparent and accountable."

Existing National Legal Instruments

At present, more than a dozen legal instruments affect the registration and operation of CSOs. There are seven Acts and five directives that directly regulate CSOs, five acts that seek to make CSOs accountable, and eight acts that affect their operations[30]. Among the key legal instruments that directly regulate the CSO sector are: The Association Registration Act 2034 (1977), The Social Welfare Council Act 2049 (1992), The National Directorate Act 2018 (1961), The Company Act 2063 (2006), The Forest Act 2049 (1992), The Cooperative Act 2048 (1991) and The Poverty Alleviation Fund Act 2063 (2006).

- **The Association Registration Act 1977** replaced the earlier 1959 Act and is the common Act for NGO registration and regulation. The Act makes it illegal to run organizations without registration.

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[29] https://undocs.org/A/HRC/38/34

[30] This includes the Local Governance Operation Act 2018.

- **The National Directorate Act 1961** regulates professional organizations through the Home Ministry. Associations like the Nepal Bar, the Federation of Nepali Journalists (FNJ) and the NGO Federation are registered under this Act.

- **The Social Welfare Act 1992** coordinates and regulates social welfare and social service activities. The Act states that to receive funds from donors an NGO must first receive approval from the Social Welfare Council.

- **The Company Act 2006** governs the registration of not-for-profit private companies and consultancy services companies. The government wants CSOs operating micro-enterprises and social enterprises to register as not-for-profit companies.

- **Local Government Operation Act, 2074 (2018)** is a new provision. Article 25 requires social and community organizations to work in coordination with the local government while INGOs must receive permission from the federal government. In doing so, the CSOs must, "conduct studies, surveys or implement programs" as agreed with the local government, "include their annual plans, programs and budget in the budget of the local government," and "adopt joint-monitoring and evaluation systems specified by the local government[31]." Currently, the Act allows the local bodies to stop CSOs from carrying out activities that violate these stipulations. Many CSOs have complained that this clause is generating a considerable amount of inconsistencies at the local level. The government is preparing to amend this Act to comply the provisions in Federal and Provincial Acts related to forestry, land reform, education, and tax.

- **National Security Policy 2019.** The National Security Policy approved by the cabinet has not been made public. The policy contains provisions allowing surveillance of foreign assistance and CSO activities that can be interpreted as posing a threat to national security interests, including sovereignty and independence, territorial integrity, national unity, political stability, rule of law, internal security, good governance, prosperity, democratic values, relations between federal units, and international and regional peace and security, among others.

- **International Development Cooperation Mobilization Policy 2019**. The federal government has made public this new Policy. It emphasizes Nepal's participation in the 2005 Paris Declaration on Aid Effectiveness and says Nepal needs this policy revision in order to meet the SDG targets for 2030 and to graduate into a medium income country. Section 3.10 of the policy focuses specifically on CBOs, NGOs and INGOs saying they need to be transparent and accountable. The policy says the constitution directs the government to use these organizations' investment and role only in areas of national need and priorities. Among others, CSOs mobilizing international development assistance will be required to:
  - coordinate with the line ministries while making project proposals,
  - adopt participatory planning process, and coordinate with the local level,
  - submit project-wise details to the Ministry of Finance,
  - avoid political and religious institutions and nationally sensitive areas,
  - limit administrative costs to 20% of the total project costs,
  - make financial details public,

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[31] For details, see http://www.lawcommission.gov.np/np/archives/44849

– make project proposals that will not be deducted from assistance already earmarked for Nepal by donors.

The new policy is significant given the fact that a lot of Overseas Development Assistance is disbursed through INGOs.

- **Proposed Social Organization Act.** The government is currently in the process of enacting a new integrated Social Organization Act 2019 to replace three earlier Acts regulating CSOs. The International Center for Not-for-Profit Law (ICNL) [32]pointed out several concerns about the 2019 Act, saying the Bill, if enacted, "would restrict the existence and operations of Nepali civil society organizations". Some of the key concerns are: (i) one-size-fits-all legal regime, (ii) limitations on eligible founders and members, (iii) mandatory registration, (iv) registration barriers, (v) interference with internal governance, (vi) restrictions on activities, (vii) restrictions on foreign and international organizations, (viii) barriers to access to resources, (ix) termination and dissolution, and (x) severe penalties. The Government appears to be rethinking this proposed Act, and it's the subject of ongoing discussion and lobbying involving bureaucrats, parliamentarians, and CS.

- **Proposed Media Council Act 2019.** The government presented the Media Council Bill to the Federal Parliament on 9 May 2019 without deliberating with relevant stakeholders including CSOs. The new Act seeks to replace the existing Press Council Act, increasing the scope of regulations on the media in general, and trying to undermine its autonomy and independence, by placing it under the chain of command of the Ministry of Information and Communication. The proposed bill generated widespread protests led by the FNJ, which says that the bill would curtail press freedom. The proposed bill was later amended and approved.[33]

- **Guthi Bill.** The government introduced a bill to integrate and amend laws related to traditional forms of trusts (Guthi), which generated widespread protests, specially from the Newar community of Kathmandu Valley. The government was forced to withdraw the bill from the parliament on June 25, 2019. The amended bill would have constricted the operating space of the traditional trust system.

- **Guidelines issued by SWC**. The SWC issued several operational guidelines and their amendments in the past several years to regulate the operations of CSOs. They include Foreign Assistance Approval Guideline; General Agreement Guideline; Guideline for Social Organizations Monitoring, Supervision, and Evaluation; Program Approval Guideline; General Agreement and Service Facilitation Guideline; Project Agreement Appraisal Guideline; NGO Approval Guideline; and NGO Affiliation Guideline. According to an analysis by GoGo Foundation[34], the guidelines and amendments indicate a tendency by the government to discourage CSOs, encourage investment in infrastructure and discourage investment in rights-oriented programs.

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[32] ICNL. 2019. Nepal's Social Organization Act 2019. Summary Legal Analysis.

[33] https://thehimalayantimes.com/kathmandu/fnj-denounces-provisions-of-media-council-bill/

[34] GoGo Foundation. 2018 (2074).

- **Proposed National Integrity and Ethics Policy**. The proposed National Integrity Policy 2074 (2018), introduced primarily for government entities, also sought to cover CSOs as "it was necessary to eradicate...corruption-related tendencies, incidents and activities as well as irregularities, delays, carelessness, wrong decisions/absence of decisions and other various distortions and malpractices." The policy sought to introduce several provisions that would curtail the ability of CSOs to function properly, including strict permits for accessing and using funds and working with the government. UN Rapporteurs expressed serious concerns about the proposed Policy, which was later shelved by the Nepal Government. "From the information received we understand that if the policy is adopted in its current form, it may have serious negative effects on the activities of organizations and of civil society in general as it would severely impinge on the exercise of the rights to freedom of expression and freedom of association which are guaranteed under international human rights law." [35]

With reference to the scene setting presented in the preceding sections, the next section of this report presents analysis of findings and highlight trends and issues that have emerged from this study.

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[35] OHCHR. Special Rapporteurs' comments on Nepal's National Integrity and Ethics Policy 2074. July 2018. https://www.ohchr.org/Documents/Issues/Opinion/Legislation/NPL-1-2018.pdf

SECTION 6: KEY POLITICAL-ECONOMIC TRENDS AND EMERGING ISSUES

Nepal is seeking to attain political stability after years of instability and conflict, largely driven by mis-governance, inequalities, and exclusion. New political changes are expected to provide opportunities for strengthening Nepal's democracy and driving the economic development process. However, despite a strong government at the centre and a relatively vibrant CS sector, findings from this study show that Nepal faces considerable challenges related to democratization, good governance, and control of corruption, and significant weaknesses in the CS sector itself - including CSO governance, capacity and sustainability.

The table below summarise those challenges, issues and trends, with more detail set out in the accompanying text. It is important to note, though, that Nepal's political situation is still very fluid, and as such the areas highlighted are also in a state of flux. Conclusions and the implications of all of this for CS are discussed in Section 7 that follows.

6.1 Political Context and Factors Affecting the CS Operating Environment

6.1.1 Corruption

In recent years, Nepali media has been awash with reports of corruption, significantly undermining government claims about integrity and indicating the deep-rooted nature of corruption[36].   Similarly, a recent PEA of Nepal describes

> "a political and business climate where powerful people collaborate within their social network in a cobweb of mutual exchanges of services and money. These ties may be between relative equals, such as in the relation between a powerful businessman and a high-level political leader, or it may be part of a patronage system where a political leader provides a village with a development program knowing that the villagers will vote for him in the future. Many important, and less important, transactions in Nepal are of this kind. It is important to be aware of these relations. Of course, there are similar transactions every-where, but the extent of personalized transactions in Nepal are quite marked and evident even on an everyday level." (Hatlebakk, 2017)

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[36] Nepal's score in the Transparency International Corruption Perceptions Index has improved slightly (from 27/100 in 2012 to 31/100 in 2018) but Nepal still lies 128th/180 in the world. https://www.transparency.org/cpi2018

Table 1: Summary of Key Political-Economic Trends and Emerging Issues	
(a) Political Context and Factors Affecting the CS Operating Environment	
(i) Corruption	Extensive personalised transactions
(ii) Political Party Power	Increasingly dominant, and politicisation of civil (and other parts of Nepalese) society spreading
(iii) Transition to Federalism	Increasing regulation and control of CSO sector at all three government levels
(iv) Policies and practices of federal government	National legislation, and conflicting mechanisms for districts and provinces, all tightening CS sector operating environment
(v) Bureaucrats	Good experience and knowledge of local governance but transitioning into new roles and views of CSOs mixed
(vi) Policies and practices of provinces	Lacking powers and implementing mechanisms, and staff / policies not yet in place, to work with CSOs - but good potential in health and education
(vii) Policies and practices of local governments	Many more powers but lacking capacities, and inconsistency between municipalities and provinces on regulation and collaboration with CSOs. Also, confusion among newly elected representatives over their new roles and powers.
(viii) Deputy Mayors	Crucial part of new federal structure and potential influence over local CSO management, with substantial support requirement.
(b) Key Trends and Issues Within the CS Sector	
(i) CSO Governance and Capacity	Limited improvements achieved through donor support; efforts at self-reliance; and expertise specialisation However, overall low capacity in leadership and strategic management; governance structures; financial management: transparency and accountability; technical skills; and human resource management.
(ii) CSO Sustainability	Funding and dependency struggles. Alternative income generation, including social enterprise potential, but regulatory grey area.
(iii) CSOs role in power and wealth dynamics	Mixed public and private interests. CS's collective power and influence - not as strong as it could be.
(iv) Public perception of CSOs	Mixed picture of credibility and (mis)trust of CSOs, and perceived benefits being delivered by CSOs.
(c) Donor Engagement	Government and CSO national, provincial and local level expectations of control and flow of donor funding.

Table 1: Summary of Key Political-Economic Trends and Emerging Issues		
(d)	Shift in discourse - Rights to Infrastructure	Government seen enough of rights focus, now wants to prioritise infrastructure development.
(e)	Community Participation and Action	People happy that government's now closer to them but broad participation not yet happening in any systematic or meaningful way. Empowerment has had a big impact, and activists are evident, but not supported much by formal CSOs.
(f)	Wider Civil Society	Mixed results from politicisation of professional associations and bodies.

6.1.2 Political Party Power

Added to the above, almost all respondents in this research spoke of politicization in Nepal and it being a major feature of the CS sector. With the elections, formal powers shifted significantly to the political parties, and political linkages have undermined CSOs' ability to represent their collective interests. "Nepal has an active civil society, but with limited influence due to the dominance of the political parties" (Hatlebakk, 2017). At the local level, shifts of power from informal citizens groups like CAC and WCF to political parties has been more marked. So, now decisions about allocation of local government resources (about one-third of the budget is earmarked for targeted groups and programmes) are now more directly linked to party politics than to democratic governance.

6.1.3 Transition to Federalism

Nepal's transition to a federal structure has affected the CSO sector. All three tiers of government - federal, provincial, and local - are seeking to regulate and control the CSO sector in various ways. Although the right to association is protected by the constitution, lack of clarity in policies, legal instruments, and institutional mechanisms has created hurdles for CSOs' freedom, autonomy, registration, and ease of operations[37]. However, heightened public expectations after elections has put pressure on all levels of the government to deliver.

The ongoing process of federalisation is causing major uncertainty for CSOs and their operations and these are described in greater detail in Section F. Briefly though, the uncertainties include disconnects, gaps, inconsistencies and lack of synchronisation across all the new pieces of legislation and policies at different levels of government; working with newly appointed civil servants and/or vacant posts; newly elected local governments at early stages in developing their understanding of their new roles; new and ongoing registration requirements at different levels of government (which seem especially challenging for 'national' level CSOs); attempts being made to impose new local level taxes; new or absent mechanisms for CSOs and the public to engage with local development strategies and plans; and changes in how government funding streams can be assessed.

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[37] GoGo Foundation (2018)

6.1.4 Policies and Practices of the Federal Government

At the federal level, government initiatives in recent months to more tightly regulate CSOs; control freedom of expression; and constrain the civic space have generated struggles and protests, while issues related to gender rights and citizenship continue to stir rights-activists (as they feel that the state is using security and national interests pretexts to not meet human rights standards expected by CS). "Whoever is in majority can rule without being sensitive to the minority" is a belief that's been expressed.

A key example of problematic new national legislation is the proposed Social Organization Act. While still the subject of discussion among various competing government entities and across the whole of CS, the proposed Act aims to govern all types of civic organizations including CSOs and professional organizations and is likely to facilitate greater political and administrative control of CS[38]. The new bill will limit the right to open, incorporate and operate social organizations only to Nepali citizens. Since it is mandatory to register all organizations, individuals involved in unregistered organizations will be unable to carry out any activity. There are multiple barriers to registration and operation prescribed in the bill, including onerous documentation requirements; the need to seek Registrar's approval for amendments to the organization's statute; the need for re-registration; and vague grounds for denial based on the possibility of arbitrary or subjective interpretations of the Constitution and the laws. One of the most important implication is that the proposed Act imposes barriers to access resources. Organizations seeking any form of foreign assistance would need prior approval from the Registrar and INGOs can receive assistance only in partnership with an organization registered in Nepal. (Even now though, CSOs looking for foreign funding or government resources are required to seek approval from SWC, leading to project delays.) The proposed Act also affects CSO sustainability by restricting their autonomy over internal governance; the range of activities an organization can undertake; and restrictions on foreign and international NGOs. Foreign NGOs will be subject to a different set of rules and conditions than national NGOs, including prescription of "appropriate conditions"; mandatory partnership with national organizations; requirement for separate project agreements with relevant line agencies; and employment requirements that seeks to reduce non-Nepali citizens in the CSO sector.

Additionally, in its policies and programmes for Fiscal Year 2019/20, the federal government said it would strengthen the District Coordination Committee and make it more effective. The district level mechanisms of the Federal Government are generating conflict between the Provinces and the centre, and also plays a significant role in CSO regulation and coordination. For example, after a meeting between Home Minister Ram Bahadur Thapa and Women, Children and Senior Citizens Minister Tham Maya Thapa, the Home Ministry issued a circular in June 2018 to all 77 Districts asking them to compile information about CSOs and collect property details of office-bearers of I/NGOs operating in their areas. The District administration, in turn, wrote to I/NGOs. The government move to monitor and regulate CSOs generated a strong backlash from CS[39] forcing the government to put its effort on hold. [40]

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[38] The implications of the proposed Social Organization Act draws primarily from an analysis conducted by ICNL (2019).

[39] https://kathmandupost.ekantipur.com/news/2018-06-10/motive-questioned-as-govt-gears-up-to-monitor-ingo-operations.html

[40] https://kathmandupost.ekantipur.com/news/2018-06-19/ministry-retracts-decision-on-ngos.html

6.1.5 Bureaucrats

Issues around the evolving role and remit of the bureaucracy are proving very important too. As one well-informed stakeholder put it

> "bureaucrats have only known the unitary system, and over the last two decades of frequently changing governments, they have provided the only continuity. As a result, they think they run everything, and it's difficult for them to understand their new role in the Federal system. There's no incentive for bureaucrats to go to the Provinces, and they're not very happy with the new system".

Bureaucrats are also seen as "more educated and professional" - than newly elected LG politicians - with work experience of running LG by themselves previously. As a result, bureaucrats have a good understanding of the types of organizations that make up CS, but bureaucrats' perceptions of CSOs are mixed. One of the respondents said, "the biggest problem now is that of NGOs, their accountability, effectiveness, and transparency. After all that they've done, what are the results?"

6.1.6 Policies and Practices of the Provinces

Transition is affecting the role of provinces, which focus mostly on health and education. Given the lack of implementing mechanisms available to them, the provinces are currently providing grants rather than implementing programmes themselves. The Social Development Ministry at the provincial level looks after several areas including tourism, education, health, women and children, youth and sports, and one Province official said "we can collaborate with CSOs on all of these sectors." In reality, the provinces are in transition in all areas but, once staffing and policies are more in place, they have a potential to work well with CSOs in the future. However, some provinces are eager to regulate CSOs while others aren't. For example, Province 2 policy-makers said the CSOs in their province had not yet sufficiently grown, so they were thinking of leaving the sector unregulated. FGD respondents in another province, though, felt that the provinces' relevance was in question as they have almost become redundant. "The Chief District Officer has all the power," they said. FGD respondents in other districts expressed a similar opinion.

6.1.7 Policies and Practices of the Local Governments

In a recent observation, the Ministry of Internal Affairs and Law said that the local governments were violating good governance practices and were not coordinating and cooperating with the provincial governments. [41]Similarly, FGD respondents in Banke agreed that "the status of governance in municipalities is very poor. There is no one to check corruption and irregularities." They cited examples of corruption, where local government procurement was done without following due process. A CSO leader working at national level suggested that local and provincial governments are 'still not implementing all their responsibilities and [by April 2019] haven't spent more than 2-5% of their overall budgets'. However, the LGs are said to be becoming more assertive, as they claim that money supposed to be spent for the people

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[41] https://www.kantipurdaily.com/news/2019/05/03/155684968520997214.html

should be spent on sectors selected by the people, and that donor-funded programmes and projects should come through a bottom-up approach.

Additionally, different Provinces and local governments have different policies about CSO registration / listing, and CSOs have mixed experience about the ease of operations. Many CSOs complain that although they are just required to 'coordinate' and be 'listed', they are being pressured to register with the provincial and local governments. The local government authorities, meanwhile, say the NGOs must first get approval from the local level to operate their programs. [42]This has generated numerous inconsistencies and considerable confusion at the local level.

A key factor in all of this is a belief among recently elected LG representatives that they themselves are the true representatives of civil society and should substitute for CSOs - partly because they are said to be feeling very powerful (they've been elected and have a mandate, with lots of authority on paper), though many 'don't have strong capacities and don't know their own responsibilities and what they should and shouldn't be doing'. The role confusion is also partly driven by the fact that relatively large numbers of people associated in some way with the CS sector have been elected across all government levels in Nepal. However, they're not necessarily able to deliver what they want because of legal boundaries and their new roles. The local representatives' ability to represent all sectors of the population has also come under question, with some respondents (for example, in Surkhet) claiming that elected representatives sometimes fail to represent the interests of certain groups (e.g. Dalits) in programme selection and allocation of resources. Also, many newly elected CS people are apparently being used by government to defend restrictive policies once they are given influential roles, and other CS leaders have been co-opted into government so won't speak out for CS for fear of losing their new positions.

Additionally, complications linked to perceptions of CSOs and good governance are limiting the participation and contribution of CSOs at all government levels, and these are discussed below.

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[42] https://kathmandupost.ekantipur.com/news/2018-11-27/ngos-resist-pressure-to-register-at-local-level.html

Deputy Mayors

To illustrate some of the complexities of federal transitioning, one area where a wide range of issues (including Constitutional rights; inclusion; decentralisation; confused roles and remits; political party power; weak local government capacity and accountability) all come together is in the position of Deputy Mayor (DM).

DMs are seen to be very interesting and "actually more important than the mayors". One key informant went even further, saying "the DM role is crucial, and if they fail so does Federalism".

Mayors and DMs roles are meant to be a complimentary partnership - the former providing leadership and vision, and the latter the executing role. However, DMs are often playing a subservient role because of normal organisational hierarchy expectations of acknowledging your boss / supervisor, but also because of gender power imbalances - 91% of Deputy Mayors are women.

DM's responsibilities include budget monitoring; CSO management; and judicial committees, with the latter the only one that's formally defined and non-delegable. Different municipalities have defined DMs' remits differently as they don't have big secretariats like the old council bodies. Responsibility for judicial committees have been the main focus area of most DMs, with only a few community mediators being used and more reliance been placed on local legal advisers (both paid and pro bono). Responsibilities for budget monitoring and CSO management have been given much less attention in the initial year or so of new structures and operations, so opportunities to develop understanding of those have been missed.

Political parties picked women with popular followings locally most likely to get voted in as DMs. However, there were insufficient female members of political parties to fill the new Constitution's guarantee of 40% female representation across all levels of government. According to some of the respondents, for this reason, but also because of the strong patriarchal system in Nepal, elected DM's have sometimes turned out to be a front for male relatives, with husbands or fathers-in-law fully influencing DM role.

As a result, some DMs, especially in the Terai, have very low capacity and are insufficiently literate.. Office staff and families further undermine these women (women move to husband's home on marriage), and they still have their family responsibilities to do too. Many DMs don't even know their own rights - for example, men try to hold meetings before 9am and after 5pm when they know women can't

be freed up from family duties, and then they're asked to sign off on things that they weren't even present for.

The Ministry of Federal Affairs has provided some training for DMs, including on judicial aspects of their roles but not in a holistic way. So, CSOs are trying to support these women, often with simple things like how to manage messages coming into their phones / email in-boxes, and how to educate themselves to be more in charge. They're also providing support to ensure that female leaders aren't limited to women's issues - they have to be budget oriented, and be able to talk about roads, etc too.

DMs are slowly growing into their jobs, and recognising that judicial committees are not the most important area of their remit. However, many local policies have not yet been formulated, and there's considerable evidence of disputes between Mayors and DMs, including over forming a consumer committee in one district. Of most relevance to CS, conflict between the NGO coordination committee, which the DM chairs, and social development committee of the municipality regarding their terms of reference has also been reported.

One (male) federal government official suggested there were women representatives who appear to have more integrity, and that Mayors are being checked by DMs - even if they're from the same party.

In short, there are extensive and complex challenges for Nepal's governance and development, which CS currently has only a fairly marginal role in helping to fix the symptoms / resolving and supporting.

6.2 Key Trends and Issues within the CS sector

In researching the CSO landscape and CS engagement in Nepal, issues around the CS sector's own governance, capacity and sustainability are continually raised, and findings suggest that there are considerably more on-going weaknesses than there are positive development trends. These are discussed below.

6.2.1 CSO Governance and Capacity

On the positive side, most contributors to this research believe that there are CSOs who have a reasonable level of capacity, which is often a result of relatively short-term training and funding support from donors. Overall, capacities of CSOs remain weak, but stakeholders interviewed, and focus group participants felt that generally the capacity of CSOs has improved. The investment in recent years by some donors in institutional strengthening and organisational

development has had impact. For example, the USAID Sustainability Index for Asia 2017 states that since 2016

Many local CSOs involved in election monitoring and earthquake relief improved their capacities as a result of donor-funded projects and trainings. Smaller CSOs based in earthquake-affected districts had more opportunities to participate in capacity development trainings and to develop internal governance guidelines and policies.

Its findings on CSO capacity go on to say that:

> The [*government*] registration process typically requires CSOs to identify specific objectives. Some larger CSOs … develop strategic plans, but most CSOs choose not to engage in strategic planning due to the uncertain availability of funding. Most CSOs have basic written administrative policies like finance guidelines, as well as organizational charts. Some CSOs have policies to regulate internal conduct, such as communication policies and policies to prevent corruption or harassment. (Page 55-6)

Additionally, at the initial British Council-hosted roundtable discussion, there was a consensus that most CSOs have standardized financial systems and have technical competence - but they're not always recognized. Participants stated that some CSOs have capacity in planning and monitoring tools such as log frames.

Due to funding issues (see below), some but not many CSOs are working to become more self-reliant, for example, by seeking to build their own memberships. "CSOs have a natural base, not donors rushing in and rounding up people." This is especially true for CSOs already embedded in communities like those representing minority groups, and community forestry and women's self-help groups that are seen as very effective and powerful. (This contrasted with donor-funded CSOs that are generally seen as effective only while they're funded - otherwise, they're weak and mostly inactive.)

There are many areas where CSO are working together with governments including with local public hearings, in policy formulation, and on good governance. However, this is not happening on a very extensive or systematic basis. Key to these types of collaboration is that many CSOs are now specializing and building expertise, which is important for all stakeholders.

One District Officer stated that small town and rural NGOs are doing a great job, but that they need capacity building. There's a general acceptance that plenty of CSOs actually don't have great capacity or good governance, but it's not right to judge all as the same.

Evidence from KIIs suggests that the major negative aspects of CSO governance, capacity and sustainability are overall low capacity in financial management; technical skills; policies, strategies, frameworks; human resource management; and governance. All CS stakeholders (internal and external), see governance and leadership as huge problems for CS, with even minimum standards of transparency and accountability generally not being met. "Claims of little or no accountability are largely justified" (CSO leader, with donor experience). The relatively new Right to Information Act designates CSOs as public agents and therefore they're liable for the same level of transparency and accountability as government - however, "most are not adhering to adequate levels". Additionally, a recent EU strategy document states:

> Inadequate transparency and internal governance ….is one of the major problems for CSOs in Nepal. Most CSOs do not produce annual reports. Often the procedures to select their board members and staff are not transparent. There is corruption in some CSOs, which contributes to a negative image of civil society as a whole. Sometimes board members are hired as a project staffs or consultants. Many CSOs do not have qualified staffs. They lack expertise in fundraising, strategic planning, monitoring and evaluation, etc. CSOs also often have weak management systems (administrative procedures and financial procedures). CSOs are weak in evidence-based research and analysis. [43]

Another governance problem relates to weak structures of accountability where CSO boards are made up of only family members. Culturally, this is understandable as many CSOs have been founded by people coming together to fight things, and they tend to do that with those who agree with them - often family. However, even once the weaknesses in accountability are learned about and understood, some founders just appoint a low capacity successor than enables families to retain control so there's no real transfer of power. It's claimed that many CSOs in Nepal are run like family businesses.

Key donors believe there's insufficient technical capacities and strategic thinking across the CS sector for what's currently, and going to be, required. Even large CSOs are not well organised - and there's lots of duplication between them - with weak leadership and management being blamed. This is possibly because "*Critical areas where capacity development has made less progress include middle-level management training.*" [44]Complaints about NGOs even highlight areas where many think they have a comparative advantage - for example, in needs assessment. "NGO projects seems very unrealistic - they have a top down approach, which is not need identified at community level, so their implementation has not achieved as much as desired (Ward leader)".

The vast majority of CSOs do not have any paid staff (which is a capacity problem in itself) but, for the relatively few that do, there's rarely fair and open recruitment. Nepotism and favouritism in terms of staff hiring is common, which often leads to the wrong people in the wrong roles. Staff retention is also a problem since large swathes of CSOs don't have regular sources of funding, and there is a high degree of salary differential between local NGO and INGO pay scales, which adds to the problem.

In addition to all of the above, CSO governance, capacity and sustainability is heavily influenced, mostly negatively, by political party affiliation, ego politics, and financial conflicts of interests. This includes the recognition that CSOs are "focussed mostly on distributing allowances" (Dhanusha FGD). In Nepalganj, NGOs run by parties are perceived to be "limited", but with the number "increasing".

The hugely significant aspect to all of these weaknesses is that the CSOs are losing credibility and trust. See more on this in sections 6 (iv) and 7 below.

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[43] EU Country roadmap for engagement with civil society: Nepal (2016)

[44] Magnusson Ljungman (2013)

6.2.2 CSO Sustainability

In terms of sustainability, the main hurdle for CSOs is funding. Although more funding is becoming available through local government budgets, CSOs depend significantly on donors, and most have only limited capacity to design robust projects and prepare successful proposals.

> "Unlike traditional charity-based organisations, CSOs (particularly NGOs) are dependent on external assistance for their operation. Most of them are not able to develop their own sustainable resources and are active only when they are supported externally". [45]

These difficulties are accentuated by donors who provide only limited support - including not providing capacity / institutional support, and nothing for human resource capacity building within their funding packages. "Donors do not support sufficiently with projects focusing on strengthening internal capacity of CSOs" [46]. As already noted, almost all donor funding for CS goes through INGOs mainly because of the high transaction costs of managing and administering large numbers of relatively small grants to a wide range of CSOs of very varying capacity and accountability. Indeed, the INGOs themselves recognise that their tendency to want to work only through a limited number of larger, tried and tested NGOs, rather than try to manage funding to CBOs directly, isn't helpful for capacity building (or for collaboration in general). Further issues and trends in donor engagement are discussed below.

Funding for targeted groups such as women and minority groups has been available from local government for a long time, and approximately 30% of their current budgets continues to be. However, cumbersome bureaucratic processes and the need for political connections hinders CSO access and, generally, funding is only available for one year. Funding from Provincial governments does not yet appear to have come on stream. Donor funding is therefore seen as being more attractive, and those who can't obtain donor funding are usually dormant. However, there is evidence (such as in quite a few examples of good practice highlighted in section 5(c) above) of more jointly funded initiatives with donors and different levels of government co-funding service delivery in sectors such as health. As provincial and local government systems become better developed, this could provide much improved and more sustainable sources of funding for CSOs, and service delivery in general.

Although not yet very prevalent in Nepal, there are some examples emerging of CSOs engaging in social enterprise modes of operation, where income is generated from the sale of products and services on a not-for-profit basis and reinvested to fund delivery of the CSO's organisational social / environmental objectives. For example, some CSOs are selling their consultancy services and publications; renting out under-utilised property; or selling tiffin boxes to passing tourists, with the income generated helping to offset the cost of their main charitable activities. This form of funding builds self-reliance and provides the CSO with greater independence, and it also allow it to fund delivery of services to communities that wouldn't otherwise be able to afford or access them in any other way.

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[45] EU (2016)
[46] Ditto

"Most CSOs provide their services for free or nominal fees. Some CSOs recover costs through income generating activities. For example, Tilganga Eye Hospital provides vision check-ups and other medical services for nominal fees and KOSHISH charges nominal fees for the provision of shelter to those who are using its facilities as "transit homes." However, most CSOs do not recover the costs of services because they lack clear cost recovery strategies and do not understand the market for their services. CSOs generally only produce publications to fulfil donor requirements; they are generally not intended for wider dissemination or sale." [47]

Although adopting the social enterprise form of funding requires additional management capacity, the main limitation is the ambiguity of current relevant legislation, which has been described as 'a bit of a grey area'. As mentioned above, government efforts to increase its supervision and control of CS includes its desire that any CSO engaging in social enterprise forms of income generation must additionally register as a not-for-profit company and/or a co-operative. Additionally, although NGOs are registered as tax-exempt institutions, and do not need to pay taxes on donations, grants, and membership fees, the Inland Revenue Department requires them to pay taxes on service fees or other types of income. According to the Public Procurement Act, not-for-profit institutions, while acting as service providers, also need to be registered for Value Added Tax. The NGO Federation wants this provision to be amended so that NGOs can conveniently provide services through public procurement[48]. Overall though, as far as this research has permitted, there doesn't seem to be any legislation in place that actually prevents CSOs from engaging in income generation, but there is limited experience and vision (both government and CS).

Lately some CSOs have been diverting to private sector Corporate Social Responsibility (CSR) funds and private philanthropist support. The CSR funding can be challenging as large corporate houses have established their own foundations (for example, the Chaudhary Foundation). Additionally, some donors (e.g. DfID and USAID) have also been turning to private sector firms for programme implementation, which is reducing CSOs opportunities.

Finally, while some see efforts to develop CSO professionalisation as just being about getting funding, it's commonly recognised that some CSOs suffer from financial irregularities - but definitely not all. Importantly though, it's widely thought that government can check for irregularities with existing instruments and it shouldn't be attacking the sector as a whole.

6.2.3 CS's role in power and wealth dynamics

As stated above, corruption is one of the most significant factors undermining Nepal's democratic governance as well as the CS sector. Research evidence suggests that CSOs are also divided on the basis of those who want to contribute to public interests versus those eager to seek financial and political benefits by becoming part of the power and wealth dynamics. Different perspectives exist though …

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[47] USAID Sustainability Index (2017)

[48] NGO Federation Nepal. 2018: 14.

In any village there will be students, teachers and other social entrepreneurs that do social work. Many of them do so without any donor support, it is an expectation from the local community that people with education and higher incomes do social work, which quite often involves politics... But many entrepreneurs start NGOs with the main purpose of collecting foreign aid. This problem was mentioned as early as in 1983, and with the increase in foreign aid and the number of NGOs since then, we shall expect elite capture to be an even larger problem today. Seen from the villagers' point of view this may not be a bad thing, they will see the entrepreneurs as people who bring in projects to the village, from which the villagers will also get a share. Outside observers may rather see the rent-seeking activities of entrepreneurs competing for the same available budgets. A main arena for this competition will be at the district level." (Hatlebakk, 2017)

At a practical level, CSO power as development actors, is also undermined by general politicization - "We wanted to work together with CSO in every sphere. They have very pioneering roles in past as we know. However due to political constraints, and some of party vested interest, we can't perform accordingly." (Ward representative).

A key aspect of CS's power lies in its ability to act collectively. In Nepal, most active CSOs are members of at least one umbrella organisation but umbrella organisations are generally not able to unite all CSOs. While sometimes CSOs manage to join forces to advocate for certain issues (e.g. the SDGs, and education for all), joint initiatives still tend to be few. The lack of coordination among CSOs - mostly due to a combination of insufficient networking resources, the politicisation noted above, and a sense of competitiveness over funds - greatly reduces CS's influence. Thematic associations are producing results in some cases, while the results of top-tier CSO umbrella organisations are more mixed [49]

CS's role in power dynamics is also influenced by the fact that there are now 761 governments being perceived as "playing the role of CSOs. The people now have direct access to their representatives, CSOs are merely another added layer" (Ward leader).

6.2.4 Public perception of CSOs

Government attitudes to CSOs extends to the public. Many CSOs and activists are described as foreign agents working against the nation for the sake of money. They are described as "dollarbadi" (dollarists) engaged in "dollarkheti" (dollar farming). Such terminology was first used by Maoists to describe human rights activists but has spread to denote many CSOs whether they receive foreign funding or not. At the same time, as mentioned above, there is widespread perception among the people about weak CSO governance and management, especially related to conflicts of interest and linkages between CSOs and politics. Most interviewees felt that CSOs working in the districts were under political pressure to serve political interests through recruitment and selective project locations / beneficiaries. [50]

According to a 2017 USAID-supported survey, "92.5 percent of respondents asserted that they or their family members had benefitted from CSO programs … although there are still significant

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[49] See EU 2016 and Magnusson Ljungman (2013)

[50] This was also the finding of a 2017 USAID supported survey. See "The Public Perception of the Role of Civil Society Organizations and Media in Nepal". Kathmandu: CS:MAP.

concerns that CSOs are corrupt and nepotistic and run by the same privileged caste and groups that dominate politics and governance in the country". [51]

Transparency and accountability of CSOs is therefore a major concern of the public. While the general public believe that CSOs have contributed to the issues of marginalized groups, women and minority groups, people belonging to these groups felt less represented by CSOs (p. 5). Similarly, while the issue of women's inclusion was more broadly accepted, the issue of inclusion of marginalized groups and minorities was less accepted. However, a significant number of people believe that CSOs have contributed in such areas as improved economic status (71%), enhanced awareness (60%) and increased access to information (52%).

In terms of credibility and trust in CSOs, the overall picture is obviously quite mixed - so all is not yet lost.

6.3 Donor Engagement

Battles for economic and political control of resources, including donor funding, are going on at all levels, and government perception of donors is an important factor shaping the CSO environment in Nepal.

Although NGOs/CSOs and the state have a history of antagonistic relations, in recent years there has been a marked resistance to the programmes and policies of the donors in their support to soft areas like rights and awareness. The government has consistently tried to push back donors and international civil society organizations when it comes to their work on democracy and human rights. A related example was Prime Minister K P Oli's speech at the Nepal Administrative Staff College where he expressed 'ire' at the donors' criticism of the government's proposed integrity policy. [52]In these contentious areas, CSOs are seen as working against the interests of the state by promoting social disharmony and political instability. [53]Some donors have persevered and attempted to incentivize these areas for government including offering overseas visits for politicians and officials to see how things are done. They've also linked in productive resources such as IT inputs into programmes.

More generally, the government is reluctant to support donor-driven CS-Government partnerships, but government expects donors to fund CSOs, which then deliver services to the districts, according to local needs, rather than donor driven. They have a further desire that money should not just go for training, but also on follow-up financial and technical support so that the purpose of the training can be achieved.

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[51] Ditto

[52] https://myrepublica.nagariknetwork.com/news/pm-vents-ire-on-foreignmissions-i-ngos-for-unwarranted-interest-in-integrity-policy/

[53] One example of this perspective is Bhatta (2016). He argues that the associations of CSOs and NGOs like NGO Federation and AIN are allied with the interests of the donors and "use this nexus to bypass the state and its agencies" resulting in antagonistic relations between the state and the civil society

There has also been a considerable shift in political parties' attitude to CSOs: at one point they liked NGOs working for the marginalized, but not anymore. Political parties believe that the resources of the CSOs coming from donors should support the political agenda set by the ruling party.

The main conflict with INGOs mentioned by government is that they tend to use the money earmarked by donors for Nepal. The feeling is that the money should be mobilized by Nepali institutions within Nepal. Local (district) level NGOs want donors and INGOs to have close and direct linkages with them and they see NGOs based in Kathmandu as their direct competitors. Another "concerning trend" is that donors are currently working through private profit-making companies rather than CSOs.

Provincial and local governments feel that central government funding approval should require their prior consent first, and that money supposed to be spent for the people should be spent on sectors selected by the people. In short, donor-funded programs and projects should come through a bottom-up approach.

In terms of donor support for CSOs, one relatively senior official agreed that it is very important to strengthen CSOs, but that "the focus should be on the people that the CSO is going to serve. CSOs should be self-sustainable and generate funds internally".

6.4 Shift in Discourse - Rights to Infrastructure

The government notion that has had a significant impact on CSOs is that Nepal has seen enough discussion of people's rights, and that it is now time to think about people's duties to the nation and its development. Such a view has led to a remarkable emphasis on infrastructure development and delivery of health and education services. "While local governments are receptive to working with CSOs, they are primarily interested in infrastructure development, as opposed to rights-based advocacy from CSOs." [54]Budget priority is mostly infrastructure with some income generation, but awareness programs against child marriage, gender violence, and trafficking continue to also be widely practiced. However, elected representatives have more interest on infrastructure development since it is more tangible to show to their voters, and some hidden interest that they are getting high commission on it." (CSO leader)

6.5 Community Participation and Action

An important CS role is strengthening citizens' ability to voice their needs and concerns, especially to government. In Nepal, CS is partially successfully in using its understanding of, and connections with, communities to raise awareness of social issues and seek potential solutions; try to facilitate broad participation; and advocate on their behalf in various fora.

However, there's lots of evidence, perhaps because of the pressures and relative chaos of political transition, that formal community and CS participation is rarely happening at any government level, and certainly not in any systematic or meaningful way. "Inclusive governance has been promised, for example at Provincial level, but it's not happening at local level because it's the same old politicians fighting each other for power and money".

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[54] USAID Sustainability Index (2017)

That said, there is consensus that probably the best part of federalism is that the people feel government presence - people know how to put their words in now - and they no longer have to go to District HQs. (However, one Ward representative felt that "the public have a bad mindset- elected bodies have to do everything for them, since they have voted for them"!)

Other types of public participation are evident, such as activists and loose networks taking social action outside of formal CSOs. Cases include influential professionals coming together to fight corruption, women openly contesting social and cultural norms, and some youth activism, for example, trying to strengthen access to education, public health and employment, and fighting gender discrimination and private encroachment onto public land. Evidence on the youth activism is mixed because, although they're interested in what's going on, youth activism doesn't seem to be too extensive, either in person or via social media. Interviewees felt the main problem was that government isn't prepared to listen to the youth voice, and that many young people are just despondent about the lack of opportunities open to them.

There is, however, evidence of a few loose forums mostly of non-registered activists being co-ordinated by a few CSOs that apparently are very effective in raising the voices of the people. Although it's early days for assessing the impact of federalisation on voice, some felt that it had laid the foundation to empower and motivate people. Similarly, evidence from a District official suggests that empowerment is making a big impact and that the increasing of social capital is very important, even if it's only to a small extent.

Finally, there's also the underutilised grassroots social capital that still exists in the people who used to be involved in the 'citizens awareness centres', residents' groups, and 'ward awareness centres' left over from the LGCDP programme. After the local elections in 2017, these groups became redundant but many of these individuals (who have cross affiliation with community level cooperatives and CBOs, including user groups and user committees) want to continue playing a role in creating demand for good governance and resource allocation. [55]

An emerging issue, though, is how can CS build its capacity to better support formal and informal citizen participation and grassroots activism, and engage latent social capital, without appropriating, over-formalising, and rendering it ineffective? It's recognised that all of these as a powerful means of achieving social change, and that individual activists are independent vehicles of social transformation. Support for them isn't happening to any degree yet though, and most donors don't know about, and aren't set up to support, grassroots action.

6.6 Wider Civil Society

The nature of political landscape is also reflected in the wider civil society. For example, professional associations including those in the media sector, legal profession, and trades unions are heavily politicized, with most of the office bearers directly nominated by political parties to contest elections in the professional bodies. Such politicization has generated mixed results. While professional bodies continue to promote collective values and protect professional interests, individual loyalties and values generate differences and conflict.

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[55] GoGo Foundation (2017, p. 30)

SECTION 7: WHAT IT ALL MEANS FOR CIVIL SOCIETY

In considering all the primary and secondary research into how current political economy dynamics and other issues are shaping opportunities and challenges for CSOs, we also need to ask the question "well, so what?" - what does it all mean for CS and Nepal's development?

The analysis in section 6 above identified key areas, issues and trends in the political context; internal CS capacity, governance and sustainability; as well as in donor engagement, and community participation. It showed significant changes in legislation and regulation; roles and responsibilities; shifts in power relations; and on-going problems of implementation, capacity, accountability, and diversion of resources driven by private interest - that are all affecting CS and its ability to contribute positively to Nepal's development.

Much of what's been highlighted in sections above is incredibly inter-connected, with causal links often complex and displaying both positive and negative aspects (depending on one's perspective). The picture is dynamic and muddled, with challenges of inter-dependencies, and suggests CS and its stakeholders have a lot to consider. The following points are an effort to conclude what's most important and meaningful for CS, and to unpick the various factors that are influencing, constraining and opening up opportunities for the CS sector.

- There's huge potential for CS to collaborate with government at all levels to help deliver voters and service users expectations and improve public and government perceptions of CSOs.
- CS's role has changed and there's considerable confusion with LG over their respective roles and remits - and CSOs aren't seeking to convene around common agendas in response.
- CS space is being limited and their operations controlled by governments that restricts CS's ability to help deliver the benefits of federalism and to contribute to Nepal's continued development.
- (Linked to the above,) CS's contribution isn't sufficiently recognized and valued by the government or the public - and the government's focus on infrastructure (rather than the softer, people-focused, aspects of development) isn't helping that.
- Government perception of donors, and the way donor funding is channelled at different levels, is an important factor shaping the CSO environment.
- CS is back to dealing with a serious lack of government capacity and expertise, especially at local / municipal level, with the Deputy Mayor role, and conflicts between them and the Mayors, restricting effective CS-government engagement.
- The influence and draw of political parties, and their ability to facilitate varying levels of self-interest, is diverting all stakeholders, including CS, away from delivering neutral public good.
- Inclusion, especially for women, children and young people, still needs to be delivered.

- There is a very strong need for mutual accountability between government and CS, and CSO introduction of the likes of public hearings, audit and accountability practices at the local levels are slowly gaining acceptability from bureaucrats and elected representatives.

- Since CSOs have historically played a significant role in promoting democracy, rights, and good governance, these functions will continue to come into conflict with the forces of the market and political economy at all the three levels.

- In all of the flux, CS has not yet worked out how to balance its service delivery and watchdog roles (i.e. promoting voice, accountability, and citizen-state interaction).

- Politicisation of the CS sector means cross-sector co-ordination and collaboration are weak.

- Government / public perception of CSOs (including CS not fully supporting the government's policy agenda, and not delivering the "real needs" of the people) have weakened CS sector policy influence and access to resources.

- Developing ways to support activists and loose social change networks - without undermining them - would open up potentially transformative opportunities through grassroots action.

- Weak CSO governance is significantly undermining CS credibility and trust, not just limiting public and donor support but also letting in private companies and consultancies to take its place in working with the local government.

- All of the governance and capacity issues increase opportunities and material for others to attack the CS sector, and seriously reduces any policy influence. CS leaders believe that government trusts donor agencies and INGOs more than indigenous CSOs. Even newly elected local politicians who have come from CS and could speak favourably of it, perhaps don't due to their experience and recognition of CS transparency and accountability weaknesses. Conflict of interest issues reinforce the belief that the major problems are not technical gaps but behaviour and attitude ones - for CSOs as well as government and political parties. The inability of CSOs to demonstrate their accountability sufficiently is seen as one of the reasons why government has been intervening in the CSO landscape - it wants to regulate CSOs because of internal governance issues of some of the CSOs.

- While local government budgets for targeted programs have the potential to contribute to CSO financial sustainability, it's unlikely that CSOs will receive direct support from government in the foreseeable future as priority will generally be to allocate funds to cover government costs, not supporting core costs for parallel (CS) structures and entities.

- Through withdrawal of support for governance, action by donors is helping to shrink CS space - but the changes in CS roles (e.g. now that Constitution's and local elected reps are now in place) have also had a similar effect.

- There's a need for leadership and vision on how CS and government can create a more conducive atmosphere in which to work together.

- Nepal is generally good at developing legislation, signing international instruments, and planning programmes - and budgets are there for government to use - but CS support could add much needed capacity to implement.

- CSOs roles are shifting from supplementing government services to complementing government services. The scope of work of local government have increased so much that

CSOs with specialist knowledge and expertise will be in great demand to help design and deliver services, though possibly only in narrow focused areas.

- Although CSOs have easy access to the local governments, there is little consistency at the bureaucratic and government levels, making it difficult for them to access resources or contribute to development processes in a professional manner.

- The UN's Sustainable Development Goals (SDGs) or 'Global Goals', which Nepal has signed up to delivering, provide useful mechanisms for improving both service delivery and accountability.

- There's still great demand for civic education and skills development, especially for women and young people, and government wants CS to play a supportive role, especially in supporting livelihoods.

- Helping to build the capacity of recently elected female politicians could reap huge benefits for all stakeholders.

- Developing new approaches to self-reliance (such as better membership bases, and income generation from selling goods and services related to their organisational objectives) could prove very worthwhile for individual CSOs.

- CSOs are most significantly affected by relations of power between stakeholders that can shape the legal environment and CSOs' financial sustainability. The evolving relationship between international actors and the federal government is the most significant, followed by CSO stakeholders like the NGO Federation that have an influence on formulation of laws and policies through their linkages to the political decision-makers. At the same time, federal ministries and local governments, with their ability to allocate resources to CSOs, also play a significant role in CSO sustainability. This allocation of resources through governments, however, is shaped by relationship between political actors, bureaucracy, and CSOs at the national and local levels. The provinces are in a transitional phase and their role will become more apparent with time as they develop their administrative and revenue structures.

- Based on the above, some recommendations for improved CS engagement in Nepal's development are offered below.

SECTION 8: RECOMMENDATIONS

The transition to federalism and decentralisation has brought major changes for all government levels, CS and citizens - but the changes, and different stakeholders' responses to them, are only partially complete, with plenty of opportunities still available to work together for the benefit of the nation as a whole.

One of the main points of this study was to produce a paper to facilitate discussion among CS stakeholders on how more effective CSO engagement in Nepal's Development can be delivered.

Hopefully, this study will have already convinced stakeholders of the value of CS's contribution to development in the past, and therefore, if some or all of the challenges can be resolved, in how much more value it can add in the future.

The following recommendations have been selected as suggested pathways for change because they are potentially doable and would have wide positive knock-on effects for Nepal as a whole.

8.1 Improving CS-Government Relations and Collaboration

Although government is known to be reluctant to support donor-driven CS-Government partnerships, an instrument known as a 'compact' has been successfully negotiated and utilised in many countries around the world. [56]Briefly, a 'compact' is a two-way agreement that builds understanding and trust between CS and government entities and provides a basis for both sides to work together in future by agreeing vision, principles, roles and responsibilities, and accountabilities. [57]Careful consideration needs to be given to who / what bodies represent the two sectors, including the mechanisms for their nomination and their mandates, responsibilities and duties. Both sides need to ensure that the final agreement provides a mechanism for effective collaboration and mutual accountability and is adopted and adhere to by all parties. A compact could be negotiated at national, provincial or possibly at local level government level in Nepal but the higher and more strategic level support it has, the simpler, more consistent and effective, and broadly understood, it's likely to be.

Even if the 'compact' model isn't used, some kind of facilitated joint agreement process (possibly similar to parts of the EU / British Council supported Platforms for Dialogue programme in Bangladesh [58]) to allow government and CS to jointly address many of the challenges identified in sections 6 and 7 above would deliver many gains for both sides, and for citizens.

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[56] For international examples, see chapter 3 of Use it or Lose it: a Summative Evaluation of the Compact (2011).
https://baringfoundation.org.uk/wp-content/uploads/2011/12/CompactUIOLI.pdf

[57] See Appendix 4 for further explanation of what a Compact is.

[58] See Results Area 3 at https://ec.europa.eu/europeaid/sites/devco/files/aap-financing-bangladesh-part2-annex1-20151214_en.pdf

Co-operation areas could include, say, conducting local needs assessment; smoothing out confusion over roles; auditing expertise, skills and capacity gaps; adopting mutual accountability practices; developing mechanisms for participation; and agreeing ways of working together including ongoing space and opportunities for formal engagement.

Negotiating such agreements at local government level offers the best opportunities for 'quick wins' and large positive impact because of the significantly increased service delivery happening at local level as part of decentralisation processes; the possibility of addressing real and identifiable capacity and accountability gaps; the closeness to the people, especially target groups; and the linked available budgets.

Depending on which local government entities were chosen, federal and provincial government could play a useful role in co-ordinating agreements, especially if education and health were perceived by all sides to be valid priorities where agreements could be focused.

There could also be opportunities at national level, for example, to examine and support the strategic and operational frameworks for the national development plan or, say, to review the content and implementation of federalism legislation that's especially relevant to CS. Indeed, a specific recommendation that came out of the British Council-facilitated 'CSO Roundtable' in March 2019 was for the establishment of a national-level Civic Engagement Platform to take forward both of these potentially significant opportunities. Key to the success of all of these is getting the right people in the room and piloting initiatives in the most potentially favourable arenas.

8.2 CSO Governance and (Self-)Regulation

Weak CSO transparency, accountability and governance is a major problem for CS in Nepal that needs a concerted effort to improve them substantially. To not do so would be disastrous for sector credibility and influence. There are already plenty of tools available (including self-regulation instruments, international guidance, and ideas for incentives)[59] that are already known about in Nepal. For example, the NGO Federation has developed a code of conduct, citizen charter, and minimum standards for governance for CSOs. As part of USAID's CS: MAP, NGO Federation of Nepal (NFN) is currently delivering the 'Building CSO Enabling Environment in Nepal' (BEEN) programme,[60] which includes expanding publicity for, and effectiveness of, NFN's Code of Conduct and the Istanbul Principles of CSO Development Effectiveness [61] - and monitoring and acting on compliance levels of both. NFN is also collecting best practices of CSO self-regulation.

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[59] See, for example, CIVICUS Accountability for Civil Society by Civil Society: A Guide to Self-Regulation Initiatives at https://www.civicus.org/images/stories/CIVICUS%20Self-regulation%20Guide%20Eng%202014.pdf

[60] See http://www.ngofederation.org/sites/default/files/2017-09/Brochure%20of%20BEEN%20Projec_0.pdf

[61] The Istanbul Principles are a set of 8 principles which were adopted in 2010 after a global consultation led by the Open Forum for CSO Development Effectiveness. The 8 Principles are: 1. Respect and promote human rights and social justice, 2. Embody gender equality and equity while promoting women's and girls' rights. 3.Focus on people's empowerment, democratic ownership and participation. 4.Promote environmental sustainability. 5. Practice transparency and accountability. 6. Pursue equitable partnerships and solidarity. 7. Create and share knowledge and commit to mutual learning. 8. Commit to realising positive sustainable change. For more on the Istanbul Principles - see http://cso-effectiveness.org

However, for all these (and any other) accountability initiatives to be effective in Nepal, they need ownership to be built especially at local levels across the CS sector to increase adoption rates. A broader and on-going programme of CSO-led initiatives is therefore required to address the governance and related capacity weaknesses highlighted in section 6 and 7 above (e.g. leadership and strategic management; accountability and transparency; and financial and human resource management). As capacity-building resources aren't infinite, concentration should be on trying to raise overall standards, not attempting to police the lowest levels of underperforming CSOs. However, these initiatives also need to be incentivised by donors and government through combined 'carrot and stick' mechanisms such as specific and/or linked funding support (see below) and more user-friendly government regulation (in line with the one-door policy). Delivering on this recommendation and 1 above simultaneously would offer considerable synergy and trust building.

More radical approaches to supplement the above include the establishment of a CSO-led (and 'policed') certification scheme linked to tax incentives such as is used in the Philippines, and the creation of an independent NGO regulator such as the UK's Charity Commission - but both of these types of approaches (and many others) are very complex and would require extensive research and consultation to assess whether they would be at all suitable for Nepal's context. See the CIVICUS Guide at footnote 60 below, and comparative overviews of international approaches to NGO regulations contained at:

http://www.oneworldtrust.org/uploads/1/0/8/9/108989709/cso_self_regulation_the_global_pict ure_owt_119-2009.pdf and http://www.icnl.org/research/journal/vol7iss3/art_1.htm.

For Nepal at this time, an enhanced process of self-regulation seems to be the best and simplest option for improving CSO governance but links to the broader need for simplifying overall CSO regulation should also be investigated in the short to medium term. In particular, the legal regime needs to be more flexible and diverse in accommodating different types of CSOs at different levels; easing registration barriers and provisions that allows government to interfere with the necessary independence and sustainability of CS; allowing access to resources to deliver on Nepal's national and international commitments; and facilitating adequate self-governance of the CS sector. Discussions on this key area could be led by a national CS-Government engagement platform or following a collaborative 'compact'-type agreement as highlighted in recommendation 2 above.

Again, it is crucial that Nepalese CS and Government lead necessary actions, but donors could usefully facilitate additional input from international experts and other countries' relevant experience. As stated, there is already some useful work being led by NFN but donors could very usefully provide additional resources so that these (and other proven) CSO governance and self-regulation tools can be rolled out, adopted, and monitored more effectively across all provinces. Development of SWC and local government CS databases might be another useful practical area that donors could support - but any initiatives needs to have a coherent and joint approach so that a plethora of different systems aren't developed in isolation to complicate things further.

8.3 Funding / Income Generation Diversification

Another critical area of CSO effectiveness and sustainability that would benefit from collaborative action would be a CS funding working group to help develop new approaches to

CS self-reliance. This need is accentuated by additional constraints brought about by new federalism processes that, for example, geographically confine CSO operations. Discussion needs to focus on support needs for developing greater CSO independence, responsiveness and sustainability, including through better supporter / membership bases; income generation from selling goods and services related to CSO organisational objectives; greater access for CSOs to public procurement opportunities; matched funding mechanisms; public-private dialogue for accessing private CSR funding; and practical fundraising and financial management skills.

To gain the greatest impact for the nation from all resourcing, CS, government and donors needs to recognise each other's aspirations, accountabilities and constraints. Funding stream options should be linked to community and organisational needs assessment and relevant government programmes, enabling simpler and more effective CS engagement, including addressing regulatory confusion and constraints, and developing not-for-profit income generation and employment opportunities, especially for women and young people, through social enterprise models for CSO operations. There is a huge potential for the latter if some general agreement and an enabling environment - e.g. early-stage grants and concessional finance, and technical and practical skills - can be developed.[62]

Again, careful consideration needs to be given to who / what bodies are represented in the working group, including the mechanisms for their nomination and their mandates. It may be best to have one high-level steering group with a number of subject-specific sub-groups leading on the detail and practicalities of particular areas. Links to activities suggested in recommendation 1 above would also be useful but are not essential. If the suggestion of a strategy-level working group to take forward the various ideas collectively isn't popular or seems impractical, there would still be value in tackling any or all of the suggested areas in the two paragraphs above individually as best and far as possible.

8.4 Cross-sector CS Coordination and Collaboration

Interestingly, the word 'coordination' only ever seems to be used in Nepal to refer to LG's role in regard to CSOs and local development, and rarely if ever to discuss internal CS sector co-ordination, for example, to convene and organise itself to take joint action.

That said, politicisation, and competition for funding, are obviously barriers for mutual trust and greater CSO collaboration, but there are potential options for greater CSO cohesion and influence to be developed through discussion and identification of opportunities for, say, joint campaigns. The latter could be on, say, tax issues; or the continuing importance of 'software' / people-oriented issues versus 'hardware' / infrastructure (that was constantly lamented in KIIs); or the likes of the SDGs, Paris and Istanbul Aid Effectiveness agreements and/or the government's newly announced Development Cooperation Policy. Ideally, collaborative campaigns would be led by the most appropriate CS network (e.g. according to geographical coverage, sector specialism, ability to drawn on key resources, etc) but appeal to a broad range

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[62] See "The State of Social Enterprise in Bangladesh, Ghana, India and Pakistan: Cross-country Comparisons and Conclusions" for useful background - https://www.britishcouncil.org/sites/default/files/bc-report-ch6-digital_0.pdf

of organisations across CS (and potentially include unregistered groups and individual activists); bring together both service delivery and advocacy CSOs - so strengthening CS inputs to policy development processes in the future. The best way to build trust is by working together, contributing whatever capacity is available.

More generally, Nepal's CS leaders needs to try to develop a positive sense of what the CS sector is, that CSOs are a part of something bigger than the sum of the parts, and that each part affects the public and government's perception of the whole. In addition to constructive joint campaigns, leading thematic or geographic networks could come together to develop publicity materials, briefing notes, etc to emphasise CS's contributions to Nepal's development. District and Provincial level sessions with officials and recently elected representatives could be offered by CSOs, where the latter could introduce themselves and highlight the experience and skills they have to offer each other and the government.

Again, this could be done in parallel with 1 and 2 above, but also could be done independently, nationally or locally - resources permitting. Once more, the key role for donors in helping to deliver this recommendation would be to provide funding, especially for bringing CS leaders together to plan and implement joint campaigns; produce and disseminate resources; and to monitor levels of trusts within CS and of CS by the public. CS leaders need to think carefully about their choice of campaign areas / issues - to pick the ones that would deliver most impact for the future, but also which donors could usefully fund without counter-productively overly antagonising government.

8.5 Focus on Equality and Inclusion

Finally, beyond the more specifically CS, government and donor focused recommendations above, this last recommendation relates to broader capacity building and programmatic areas.

Support for women, children and young people has a transformational effect for societies. As this study has shown, there's still significant demand in Nepal for practical civic education, and life / employment / income generating skills development, especially for women and young people. Similarly, government wants CS to play a supportive role in developing livelihoods, which could be linked to efforts to build social enterprise suggested in recommendation 3 above. It's therefore recommended that CSOs review their activities and potential contributions to these areas and refocus efforts, including, potentially, for capacity building for recently elected female politicians, which could reap huge benefits for all stakeholders.

For the latter, some training has been provided by government and CSOs but the former tends to be quite technical, and the under resourced CSO programmes are only reaching limited numbers and on a relatively one-off or short term basis. Calls for longer term mentoring, especially for Deputy Mayors, and on-going practical and personal support for all recently elected female representatives, have been made by those already involved in this kind of support. A recent UNDP analysis [63] pointed out that

"political spaces do not exist in isolation, rather they co-exist with other social, cultural and economic spaces", and "for challenging women's subordinate position it is down to individual

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[63] UNDP 2019.

strength and endeavour". In short, ways, and appropriate longer term resources, need to be found to build individual elected female representatives' capacity so that they're more effective in their roles; can better serve their communities; and provide role models for the next generation of young girls and boys.

APPENDICES

APPENDIX 1: BIBLIOGRAPHY

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APPENDIX 2: KII AND FGD PARTICIPANTS LIST

Name	Organisation	Designation
Aalam Khan	Nagarik Sambad Samhu Nepalgunj	Co-ordinator
Abhilesh Binit Karna	Save the Children Nepal	Policy Support Coordinator
Anita Gyawali	Ministry of Social Welfare	Officer
Anjana Chaturbedi	District Child Club Network Banke	Member
Arjun Kumar Bhattarai	NGO Federation	Deputy General Secretary
Arjun Kumar Sah	THRD Alliance	Local Representative
Ashish Verma	District Youth Club Network Banke	Chairperson
Basant Gautam	Advocacy Forum Regional Office Nepalgunj	Advocate
Bashanta Bibash Acharya	Journalist	Activist
Bhim Viswakarma	Movement for Social Transformation	President
Bhupendra Prasad Kandel	Sundar Nepal Sanstha	CEO
Bijaya Bhakta Tiwari	Gorkha Municipality	Social Development Officer
Bina Kumari Shrestha	Gorkha Municipality	Deputy Mayor
Bindulal Regmi	Federation of Family and Private Forest	Coordinator
Binod Mahara	INSEC	Dhanusha Representative
Biru Raut	CCI, Dang	President
Bishwonath Wagle	Human Rights	President
Buddhi Sagar Subedi	Nepaljunj sub-Metro City-12	Ward President
Chitra Giri	Women Network	President
Dilip Thakur	Ministry of Social Development / Province 2	Under Secretary / Education
Dilli Raj Dhital	Senior Advocate	Social Activist
Dipak Thakur	Social Work	Youth Activist / Sanitation
Dipendra Jha	Office of the Attorney General, Province No. 2	Chief Attorney

Name	Organisation	Designation
Dr. Sibesh Chandra Regmi	AIN	President
Durga Gurung	UN-Nepal	Secretary
Fulmaya Rana	GCLC	Coordinator
Ganesh Kumar Mandal	Madeshi Civil Society	President
Gauri Pradhan	LDC Watch	Global Coordinator
Gautam Bhandari	DAO, Gorkha	Social Development Officer
Gorakh Bahadur Thapa	Nepalgunj sub metro political office Education Dept.	Education Chief
Hari Adhikari	NGO Federation- Karnali Province	Secretary
Indra KC	CWIN Nepal Regional Office Nepalgunj	Officer
Ishori BK	Dalit Welfare Organization	President
Janaki BK	Federation of Dalit Women	Social Mobilizer
Jharendra Kharel	Tulsipur sub-metropolitan City	Information Officer
Jitlal Chaudary	ESDRC	Assistant Secretary
Jogendra B.K	NNDSWO, Kathmandu	vice-President
Junkeri Gandhrwa	Gandarwa Women Group	President
Kajiram Rokka	NGO, Federation	Coordinator
Kamal Prasad Lamichhane	WCRC	Member
Kamala Lamichhane	SDSC, Gorkha	Executive Director
Kastura Khadka	Mother Group	President
Kedar Khadka	Gogo Foundation	President
Keshav Koirala	Maiti Nepal Regional Office Nepalgunj	District Co-ordinator
Khim Bahadur Regmi	Sundar Sanstha	Coordinator
Kiran B.K	DWO, Dang	Treasure
Kiran Kumar Karna	Federation of Nepali Journalists	Province-2 General Secretary
Kiran Paswan	Nepal Apang Mahasangh	Province-2 President
Kishor Jung Thapa	FNJ-Gorkha	Chairperson
Krishna Pathak	USAID	Democracy & Governance Specialist
Krishna Prasad Joshi	Nepalgunj sub metro political office	Social Development Officer

Name	Organisation	Designation
Krishna Prasad Sharma	CADE Nepal	Assistant Coordinator
Krishna Thapa	Confederation of Nepalese Teacher	President
Kumari Bishwokarma	Women Health worker	Volunteer
Lalit Kumar Sah	Janakpur Chamber of Commerce and Industries	President
Laxman B.K.	Radio FM	Journalist
Luk Bahadur Chhetri	District Administration Office	Asst. Chief District Officer
Maimoona Siddique	Fatima Foundation Nepalgunj	Acting President
Mankumari Bishwokarma	Women Group	Social Activist
Manoj Singh Danuwar	Nepal Aadibasi Janajati Mahasang	Coordinator
Manu Chaudhari	Youth Network	Youth Activist
Mina Adhikari	SDSC	Executive Director
Mina KC	WHRD	Dhanusha Representative
Mohanmaya Dhakal	Birendranagar Municipality	Deputy Mayor
Mohasing Ali Miya	Journalist	Youth Activist
Munni Das	Nepal Rastriya Dalit Samaj Kalyan Sangh	Central Member
Namaskar Sah	BAS Nepalgunj	Director
Nanda Bhandari	District Bar Association	President
Narayan Subeti	INSEC, Karnali Pradesh	Coordinator
Netra Kala Shahi	SAC Nepal	Executive Director
Nilkantha Khanal	Birendranagar Municipality – 04	Ward President
Nirmal Nepali		Social Activist
Nisha Paudel	Awaj Sastha	Coordinator
Om Prakash Aryal		Activist, Advocate
Parmesh Jha	Mithila Natya Kala Parishad	President
Pitamber Dhakal	Nagarik Sarokar Kendra	President
Prabhat Dhital	New CPC	Facilitator
Prabhat kumar thakuri	Multiple Service Centre	Chairperson
Purna Prasad Paudel	Social Awareness Centre (SAC) Nepal	Advisor
Purushottam Dhakal	Goreto	Program Coordinator

Name	Organisation	Designation
Raghunath Das	Nepal Rastriya Dalit Samaj Kalyan Sangh	Dhanusha President
Ram Bahadur Nepali	MST, Nepal	Vice-President
Rambabu Dhakal	NGO Federation	Treasure
Ramkumari Thapa	Single Women for Human Rights	Member
Rasmila Prajapati	Newa Misa Dabu	Chairperson
Rojlin Bachhar	OREC	District Project Coordinator
Sabitri Bhatta	WHRD	President
Samir Ghimire	NNDSWO	Executive Director
Sankarshigh Tharu	Banke UNESCO Club	Project Officer
Satrudhan Shah	Janakpur sub metropolitan, Ward No.1 Office	Ward-President
Shova BK	Aasha Sanjal	President
Shreedhar Tandan	Ilaka Administration Office, Tulsipur	Administration Officer
Sila Jha	WHRD	Dhanusha President
Sita Pokhrel	NEW CPC	Facilitator
Sitaram Shrestha	SSICDC	Executive Director
Som Prasad Chaudhary	FNCCI	Youth Entrepreneur
Sthaneshowr Dawadi	Nagarik Sajha Sawal	Coordinator
Sunil Neupane	System Development Service Centre	Officer
Suresh Biswokarma	NNDSWO	Programme Manager
Susmita Chanara	Himal Dalit Women Group	Secretary
Taranath Dahal	Freedom Forum	Director
Tekendra Basnet	Youth Council, Surkhet	President
Tilak Gharti	Vocational Training Institute	Principal
Top Bahadur Darlami	Birendranagar Municipality -14	Ward President
Top Bahadur KC	Tulsipur sub-metropolitan City-7	Ward President
Usha Gautam	Peace Society Nepal	Social Activist / Teacher
Yamkala Bhusal	Ganatantra Daily	Journalist
Yedu Adhikari	HRO	Coordinator

APPENDIX 3: OUTLINE KII AND FGD QUESTIONS LIST

Key questions (for all)

From your perspective

1. (a) What are the political and economic dynamics around CSO environment in the country, the provinces, and the local levels after recent political changes?
2. (b) What are the most important factors shaping the current CSO operating environment?
3. (a) What are the challenges and opportunities for CSO sustainability and effectiveness? (b) How would you describe any recent trends in internal governance & capacity of CSOs?
4. (a) Can you tell us about any good examples of CSOs and government working well together for more effective development and social cohesion in Nepal?
5. (b) Are there any particular sectors, or governance levels, proving more successful than others for CSOs and Government to work together collaboratively? For example, can you tell us about any success stories or best practice examples, especially in the areas of governance and civil society; women's and girl's empowerment; social cohesion and conflict resolution; and social enterprise?

Supplementary questions

1. Political and economic dynamics of CSO landscape
1.1 Constitutional and legal frameworks:
1.1.1 What are the most significant legal frameworks shaping the CSO sector?
1.1.2 Which formal institutions are most important for the sector?

1.2 Relations of power:
1.2.1 Who are the key decision-makers influencing CSO environment? How are decisions made within the sector and about the sector?
1.2.2 Can you describe the relations of power that affects CSOs?
1.2.3 What role do CSOs play in the overall power and wealth dynamics in the country, at the province, at the local level?
1.2.4 Within the CSOs, how is the power distributed within the sector, & how are different parts of the sector affected differently by the changing power dynamics (if at all)?

1.2.5 Have recent changes in formal political structures enhanced or reduced CSOs abilities to strengthen the voices of those they support and represent? Are citizens / activists now more or less able to voice their interests and hold government to account? Have the power relations between CSOs and communities changed for better or worse?

1.3 Actors

1.3.1 What are the most powerful interest groups and how are they seeking to influence policy?

1.3.2 What are their interests and incentives? What do they fear? What do they need?

1.4 Social and cultural values

1.4.1 What are the dominant ideologies and values that shape views about CSOs and their behaviour?

1.4.2 What kinds of differences exist in the CSO sector? What kinds of conflicts do they create?

2. Challenges and opportunities for CSO sustainability

2.1 imposed How is the CSO sector financed, and what economic levers are available to, or on, the sector?

2.2 What are the barriers to accessing adequate resources (including human resources)?

3. Best practices of CSO contribution and potential approaches for CSO engagement

3.1 Can you tell us about any successful capacity building measures being carried out by CSOs, and what might be hindering others?

3.2 What are the best ways for donors to engage and collaborate with CSOs?

Additional questions for FGD Participants' consideration:

1. (a) What is the operating environment like for CSOs in your area (District / municipality),   and how have political changed affected it in the last few years?

(b) What are the most important challenges and issues for CSOs in your area?

2. What positive and negative influences are there from provincial and/or national levels   on you locally?

3. others? Are particular sectors (e.g. education, health, environment) working better than Why?

4.	What opportunities do you think there might be for civil society in this area in the near	future, and what would be required for you to be able to take advantage of them?

5.	Which, if any, of the following would be of interest or a priority for you / your CSO?
	Please give them a score from 1-5 (with 1 being low and 5 the highest).

•	Developing more self-sustaining income-generating capacity for your CSO.
•	Having a civil society - government platform for dialogue and relationship building.
•	Using art and culture for good community relations and social cohesion.
•	Receiving support for improving your CSO's public policy and governance capacity.

6.	Are there examples of CSOs working well in collaboration or partnership with government in your area?

APPENDIX 4: WHAT IS A COMPACT?

Originally one of the UK's highest-profile social policy initiatives, the 'Compact' has served as a model for similar policy documents on state-civil society cooperation in other countries.

A 'Compact' is a two-way agreement between the government and CS sector that sets out commitments about how they will behave and undertakings that they agree to deliver.

By way of illustration, the English 'compact' is based on the shared principles of:

- Respect: Government and the CS sector are accountable in different ways but both need to act with transparency and integrity. Effective partnerships are built on mutual understanding and an appreciation of the differences between partners of the Compact.

- Honesty: It is only through open communication that strong partnerships can be built and maintained. Full and frank discussions should be the basis for resolving difficulties.

- Independence: The independence of the third sector is recognised and supported. This includes the right within the law to campaign, to comment on and to challenge government policy… and to determine and manage its own affairs.

- Diversity: The Government and the CS sector value a thriving civil society, which brings innovation and choice through a multitude of voices.

- Equality: Fairness for everyone, regardless of their background, is a fundamental goal, and government and the CS sector will work together to achieve this.

- Citizen empowerment: By working together, the Government and the CS sector can deliver change that is built around communities and people, meeting their needs and reflecting their choices.

- Volunteering: The energy and commitment of people giving their time for the public good contributes to a vibrant society and should be recognised and appreciated.

It is structured around five key headings:

- A strong, diverse and independent civil society
- Effective and transparent design and development of policies, programmes and public services
- Responsive and high-quality programmes and services
- Clear arrangements for managing changes to programmes and services
- An equal and fair society

Included in the commitments from government is to "Respect and uphold the independence of civil society CSOs to deliver their mission, including their right to campaign, regardless of any relationship, financial or otherwise, which may exist." Equally, the CS commits to: "When campaigning or advocating, ensure that robust evidence is provided, including information about the source and range of people and communities represented." It is expected that CSOs will put forward ideas which "focus on evidence-based solutions, with clear proposals for positive outcomes", and government commits to being "transparent" when designing public services.

Internationally, there are a large number of similar CS-Government co-operation documents that can broadly be defined as "government-nonprofit, sector-level framework agreements that constitute an explicit recognition of the key social and economic role of NPOs [non-profit organisations] and define the obligations and privileges of both government and NPOs in a broad range of service delivery, policymaking and regulatory interactions".

Although differing according to the specific circumstances of each country, the contents of such agreement documents that are considered "essential to forging a successful partnership" include:

- "a statement of representation concerning the bodies that represent the two sectors… including the mechanisms for their nomination and their mandates, responsibilities and duties"
- "a statement of principles addressing the roles and functions of the two parties… including recognition of their autonomy,… their basic rights and obligations, the legal and logical constraints they may face in fulfilling these obligations and their commitments to mutually respected values defined in the document"
- "areas of cooperation" covered by the document (such as delivery of services, consultation, access to information) and "instruments of cooperation" (such as joint consultation and decision-making bodies, exchange of information)
- "funding-related issues"
- "implementation elements" including short-term and long-term objectives, arrangements for monitoring and evaluation for which "specificity here is crucial"

Documents developed in different countries do however vary according to:

- legal status: "enshrined in legislation or… more informal"
- form: "short statements of principles or long prescriptive, detailed documents… stand-alone or… accompanied by a series of supporting documents and specific regulations or codes"

- number and scope of government and non-government signatories: on the government side government as a whole or an agency responsible for relations with non-profit organisations or specific departments (generally social services departments); on the non-profit organisation side individual front-line organisations or a few umbrella or "peak" organisations; scope may be all non-profit organisations or a specific group (for example, social service organisations, international development organisations or volunteer-involving organisations)

- range of government and nongovernment support structures created to support the documents: "supported by a range of capacity-building institutions and monitored by watchdog organizations that mediate disputes" or "monitored through an ad-hoc coordination committee that meets rarely"

- stated aims: focus on "collaborative processes (developing better relations) or on the achievement of specific outcomes (i.e. new funding regimes, legislative initiatives, improvements in social indicators)"

- timelines specified: "generally open-ended but may have specific timetables for "revision and re-authorization" or an end date.

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