

## Challenges of civil society governance in Nepal

Tek Nath Dhakal<sup>1</sup>

### Abstract

The proliferated number of NGOs in Nepal shows the growing tendencies of civic engagement as they are supposed to articulate people's sentiments both at the policy making and its implementation. The favourable policies pursued by the government have increasingly been linked for making the NGOs more responsible along the principles of good governance. The study indicates that NGOs are growing in number and able to create their institutional space. However, various factors such as lack of effective coordination, weak financial base, lack of professionalism, and lack of monitoring and evaluation, lack of transparency, lack of commitment among the NGO activists, and also the absence of public surveillance are the key issues for affecting NGO governance in Nepal. This has affected the NGOs for efficient management, resource mobilization and policy advocacy. Such phenomenon poses difficulty in NGO governance and often become the subject of criticism of these entities.

**Key words:** civil society governance, NGOs as development partners, NGO governance legal instruments, Institutional arrangement, code of conduct, Nepal

---

<sup>1</sup> Associate Professor of Administrative Science at Tribhuvan University in Nepal.

## Background

Civil society organizations including non-governmental organizations (NGOs) are an increasing trend over the last 15 years in Nepal. Given this situation, it can be hoped that these organizations could play a complimentary role in the promotion of good governance. A favourable policy pursued by the government of Nepal has increasingly been linked to simplification of the legal instruments for making NGOs responsible and committed to the cannons of good governance. However, NGOs involvement in the developmental process has also been considered as a grey area due to their own internal governance problems. In this context, this study assesses whether the present civil society governance is able to play an effective role in Nepal. This study critically reviews the available civil society governance literature, and the challenges for governing civil society organizations, such as NGOs, for more effectively.

### Civil society governance: A conceptual shift

The 'government failure' situation during the 1970s demanded a new debate on governance, stating the collaborative role of various actors such as public-sector organizations, private organizations, and the civil society organizations (Warren and Weschler, 1999). As a result, there has been a faster rise of civil society organizations and an increased partnership between public, non-profit and the profit-oriented organizations. This has led to an emergence of a new order in global governance which has changed the institutional landscape, more or less, everywhere in the world. NGOs have developed at the cutting edge of the market, the state, and the civil society, their role has become an area of interest among various stakeholders. They are also being considered as an important institutional actor for mobilizing community assets, motivating people, and implementing social welfare programs effectively (Shah et al., 1986). Regarding the functions of NGOs, Domingo highlights,

Delivery of goods and services responsive to the needs and acceptable to a community requires capability and professionalism; the demand for accountability and transparency in operations is getting more pronounced; competition for funds has become more intense as priorities change and sources of funding dry up; and TSOs must address the legitimacy question about their role in society (2006:1).

As the role of NGOs in social development expands, the challenge of good governance becomes imperative. Performing a good deed in isolation is no longer sufficient. This must come with good governance. UNDP (1997) defines governance as "the exercise of political, economic, and administrative authority to manage a country's affairs at all levels". The governance of nonprofit organizations refers to the exercise of governing functions by responsible persons within the organization (Saidel 1998). Here responsible persons refers to the key players such as the boards of directors and executive staff or the basic roles that boards of voluntary organizations perform. In nonprofit literature, "governance" takes an organizational perspective and is commonly associated with the board structure.

However, the governance of NGOs also appears as a challenge. Accountability of such organizations is crucial for effective governance, which increases organizational efficiency. In the absence of accountability, organizations could lead to "organized anarchy or ad-hocracy" (Backer, 1998: 97). Similarly, the sustainability of NGOs is also equally linked to good governance which is influenced by various factors such as management capacity, commitment, and the financial technical, environmental, and the political, including socio-cultural factors (Hossain, 1998). In addition, NGOs should also develop their own self-rule to work effectively. Being people's organization and based on voluntary action, they garner trust which is important for making them accountable. For this, the governing legal instruments created by the state and/or

the self-governing regulations can be useful tools for enhancing NGO governance. The effectiveness of NGO governance should be sought on the basis of how such governing rules are followed by these entities. In addition, how the NGOs are able to play their established roles, how much they manage trust of the people effectively are other factors for effective NGO governance.

### **NGOs as fast growing entities in Nepal**

The history of social welfare service in Nepal is as old as the society itself. The traditional social entities such as *Guthi* (trust), *parma* (labour exchange system), *dhikur* (saving/credit), etc. can be taken as important social institutions created even before the unification of Nepal in 1769 (Subedi, 1984; Dahal, 1986, Chand 1991, Lama, et.al., 1992; Bhattachan, 2000). The number of such entities is believed as many as 200,000 in Nepal. Due to them being miniscule in nature and scattered in an uncoordinated way their roles have been under-explored.

Establishment of modern NGOs in Nepal before 1950 was not easy for the common people as one should get permission from the Prime Minister. The aftermath of the democratic movement in 1951 created a favourable environment for creating such entities. However, the introduction of *Panchayat polity* (a party-less political system) in 1961 again created obstacles for the smooth growth of such organizations. It was simply because of suspicion on the role of social organizations contributing people's awareness level thereby creating a probable threat for the continuation of the autocratic nature of the then political system (Dhakal, 2006a). As a result the growth of NGOs during 1961-90 was very slow. The current number of NGOs in Nepal is around 37,000 as compared to 220 in 1990. In addition, around 200 international NGOs (INGOs) are also working in Nepal. The role of these INGOs has been increasing both in number and volume of activities such as health and community development, child welfare activities, education, water and sanitation, agriculture development, women empowerment, disabled services, including eye care and dental services, etc.

For bringing the NGOs in to the broad spectrum of managing the country's socio-economic resources, successive planning documents have given NGOs a meaningful role by recognizing them as partners in national development for mobilizing and implementing resources at grass-roots level (NPC, 1993; 1998; 2003). On the basis of their objectives and programs National Planning Commission (1993) categorizes Nepalese NGOs into ten broad areas such as community and rural development, empowerment of women, improvement of environment, delivery of public health, AIDS and drug abuse control, child welfare, educational development, handicapped and disabled service, youth activities, and development of moral values. The Ninth Plan (1997-2002), also targeted to increase GDP growth rate and to alleviate poverty and unemployment/underemployment. The plan has also considered NGOs as development partners particularly with local development organizations by committing to mobilize NGOs in a way to make important contribution in the socio-economic development. Accordingly, NGOs were encouraged to work in backward communities particularly in underdeveloped and remote regions. They were motivated to work as facilitators vis-à-vis local institutions including District Development Committees (DDC) and Village Development Committees (VDC), municipalities, educational institutions, and various community organizations and consumers (NPC, 1998). To facilitate for the partnership, the government brought in the Local Self-Governance Act, 1999 and its regulations in 2000 which broaden the scope of NGOs' involvement both in plan formulation and implementation process (Law Management Society, 1999). Similarly, the Tenth Plan (2002-07) also recognizes the role of NGOs with the broader concept of civil society for helping women/girls education and their empowerment, mainstreaming person with disabilities, *dalits* and the minorities of the ethnic communities, protection of helpless people, management of

population, income generation, and the conservation of environment. The policy intends to achieve the objective of poverty alleviation and employment generation through social mobilization, promoting NGOs/CBOs to the remote places, seeking more partnership between NGO-INGO and Private sector-NGO, etc. This provision broadens the working space of NGOs particularly to contribute local governance in Nepal.

### **Governance of NGOs in Nepal: Legalizing the NGO sector**

In Nepal, traditional social organizations were not registered, as most of them were created after building consensus and understanding among the community members. The governance of such organizations is based on mutual trust and transparency of each and every activity. The legalization of NGOs began only after the establishment of democracy in 1951. To develop such a partnership between public sector organizations and non-profit organizations, the legal instruments particularly related to the local governance bodies were enacted specifying NGOs' developmental roles. Some of the earlier legal instruments were the Societies Registration Act, 1959, National Directives Act 1962, Foreign Currency Exchange Act 1962, Muluki Ain 1962 (Civil Laws), and Company Act and Regulations 1965. However, these legal provisions were not adequate to regulate/facilitate NGOs. Realizing the difficulty to govern NGOs through various legal provisions, a one-window policy for the operation of social organizations was deemed necessary. It was assumed that the new legal provision would be helpful for maintaining accountability and developing a system of fund flow, maintaining accounts and code of conduct on a regular basis. In addition, due to lack of uniformity in rules and regulations regarding NGO operation, it was difficult to co-ordinate, facilitate, and administer the NGO communities maintaining uniformity. In addition, it was also felt necessary to bring a new law for administering the NGOs/INGOs in a new environment caused by a change in the funding policy of the international development/donor agencies. Such possibilities also demanded an effective legal arrangement which was lacking in Nepal during the late 1970s (Chand, 1991,1998; Maskay, 1998). In this context, the government enacted two important legal provisions - Sangh Sangstha Ain, 2034 B.S. (Organization and Association Act, 1977) and Social Service National Co-ordination Council Act, 1977 (also called Social Service Act) which were the important endeavours for governing NGOs in Nepal.

The Organization and Association Act, 1977 enables registration of all kinds of voluntary organizations other than governmental or private organizations. The act also clearly states that the proposed organization should be non-profit and the non-political. According to this act, at least seven Nepali citizens can collectively apply at a district administration office attaching a statute of the proposed organization stating name, objectives, address, organizational and management provision, authority, responsibilities, and code of conduct of the executive committees, and financial sources including the modus operandi, etc. The act also made a provision of renewal system for which each organization should submit progress report, income and expenditure report and the audit report annually to the District Administration Office (DAO) for working for another term. The act entrusted the DAO office for monitoring and evaluation and to take action against the wrong doers.

Social Service Act was entrusted to avoid duplication by bringing uniformity among the national and international NGOs. According to this legal provision, Social Service National Coordination Council (SSNCC) was created in 1977 which was responsible to work as an umbrella organization for the promotion, facilitation, co-ordination, monitoring, and evaluation of the NGO activities. SSNCC created six different committees to coordinate and facilitate various NGOs. Chand writes

...mechanism that was conceived through the formation of these committees was largely directed to maintain co-ordination right from the grassroots till the national level. The programs being undertaken by each individual NGO were made to be transparent, largely because there was linkage through the committee and their programs were frequently supervised and monitored both by the co-ordination committees and also by the Council” (Chand, 1999: 161).

The committee mechanism of NGO management had somehow helped the then-SSNCC to operate and co-ordinate NGO functions.

After 1990, there was pressure from the NGO/INGO communities for the enactment of a new act particularly addressing the new role of the then SSNCC for governing NGOs. The government also showed its firm commitment to bring a change in NGO dynamism by liberalizing the NGO-led legal instruments. As a result, Social Welfare Council Act, 1992 was enacted, replacing the then SSNCC Act, 1977. According to this act, the Social Welfare Council (SWC) was constituted as a governmental bureau to look after the NGO affairs. The present SWC Act eliminated the practice of pre-approval requirement of SSNCC for the registration of NGOs in District Administration Office. This obviously helped for interested people to create new NGOs and work accordingly. As a result, there has been rapid growth of NGO community in Nepal.

### **Institutional Arrangement for Governing NGOs in Nepal**

Two organizations – District Administration Office (DAO) and the Social Welfare Council (SWC) are the important governing institutions of NGOs in Nepal. The Association and Organization Act 1977 entrusted DAO as the implementer of this act. With regard to governing the NGOs, this office is responsible for following three functions:

- Registration – after verifying the statute with regard to existing legal provisions
- Renewal – usually renew the working NGOs, checking of annual progress reports, income and expenditure reports, and audit report, and
- Monitoring - checking for those which may/may not be violating existing laws, misappropriation of NGO funds, misconduct, etc.

However, the Association and Organization Act, is silent regarding NGOs’ role in development. Similarly the SWC is another important institution for governing NGOs which is responsible for promotion, facilitation, co-ordination, monitoring, and evaluation of the activities of the NGOs and INGOs in Nepal. In addition, it also provides advice to the government in the matters of developing the NGO sector policies and programs. Apart from these, the council also delivers training to the NGO workers and provides small grants and back-up supports to those NGOs affiliated with SWC. It creates necessary environment to link the local NGOs with INGOs and assists to develop partnership for the implementation of their activities. The roles and functions of SWC are as follows (*Social Welfare Council Act 1992, Article 9*):

- Promote, facilitate, co-ordinate, monitor, supervise and evaluate NGO activities;
- Provide possible assistance for the establishment, promotion, extension and strengthening of NGO activities;
- Function as a coordinating body between HMG and NGOs;
- Advise and suggest to the government in the formulation of plans, policies, and programs related to social welfare and service sector;
- Establish trusts or funds for social welfare activities and encourage others to do the same;
- Conduct training, undertake studies and research on social welfare subjects;
- Do the physical verification of NGO assets;
- Undertake necessary measures for the execution of the aims and objectives of the act;



Dhakal, T. N. (2007). Challenges of Civil Society Governance in Nepal, JOAAG, Vol. 2. No. 1

- To avoid duplication and maintain co-ordination among various social organizations;
- Enter into agreement or contract with foreign and international agencies; and
- Make an effort in procuring national and international assistance and use it judiciously.

There are other governmental organizations which directly or indirectly play roles in controlling and/or facilitating the NGO functions (see Table 1). Among them the Ministry of Women, Children and Social Welfare (MoWCSW) is mandated to formulate policy on NGO/INGO and the SWC.

**Table 1: Central-level organisations for governing NGOs in Nepal**

Name of Organization	NGO related Function	Operational Channel
Ministry of Women, Children and Social Welfare	formulate policy on NGO/INGO; approve annual plan, programs & budget of SWC; approve general agreement carried out between SWC and INGOs; Monitor & evaluate of SWC functions.	- SWC - Women Development Department - District Women Development Office - Child Development Center
Ministry of Finance	Facilitation & control, duty-free status, and tax exemption	- SWC
Ministry of Education	Facilitation for education related (non- formal education) NGOs	- District Education Office, - selected NGOs
Ministry of Health	Facilitation for health-related NGOs	- SWC, - Selected NGOs
Ministry of Labour	Facilitation & control of working visa for expatriates	- SWC
Ministry of Local Development	Facilitation and co-ordination of local development/community development related NGOs	- DDC, VDC, municipality, - selected NGOs
Ministry of Population and Environment	Facilitation of social mobilization & environment awareness creating NGOs	- Selected NGOs
Ministry of Home	Registration/renewal of all NGOs, Facilitation of drugs-related NGOs	- DAO Office, - Selected NGOs
Ministry of Foreign Affairs (MoFA)	Facilitation & control of formal visa	- SWC
National Planning Commission (NPC)	Approval & co-ordination of NGO activities with the national development plan/programs	- SWC

Source: Dhakal, 2006a

There are also different NGO federations like NGO Federation of Nepal, National Federations of Nepali NGOs, NGO Coalition/Nepal, Association of Development Agency of Nepal, and Child related NGO network, including Federation of Dalit related NGOs. These federations supports for networking among national/international NGOs and with the government for mutual co-operation. In addition, they also have to develop NGO ethics in order to bring them into alignment.

### **Governance situation of the sample NGOs**

For collection of primary data, two NGOs – ‘Danfe Youth Club’ (DYC) working in Jajarkot of the mid-western hilly district and ‘Village Women Welfare Committee’ (VWWC) based in Siraha district of the eastern Tarai were selected. Face-to-face interviews were conducted with selected key informants: 18 NGO workers, two local government officials and 22 beneficiaries. This exploratory study used a qualitative design to capture reality based perceptions and experiences of informants. The primary source of data were interviews. There were, however, no

predetermined sampling categories in the study. Rather, data collection procedures were flexible and emergent (See Box A and Box B).

Both of the NGOs received project funding from United National Development Program's (UNDP) "Support for Peace and Development Initiatives". The general purpose of the program was to build peace through the development program. It was a new experiment to solve the problems created by a conflict situation. It aimed to sort out the root cause of the problems in the context of existing socio-economic and political situations. The conflict situation in Nepal which cropped up in the mid 1990s is believed to be due to discriminatory social values and practices, rampant poverty at the grassroots, and centralization of political power, etc. Both these organizations had been working in conflict-ridden areas where many governmental line agencies, especially the security organizations, had been evacuated to safer areas and/or to the district headquarters.

**Box A: Village Women Welfare Committee, Siraha**

*Legal Status:* Registered in 1996  
*General Member of VWWC:* 100 (all female)  
*Executive Committee:* 11 (all female)  
*Project title:* Legal literacy and Human Right Awareness  
*Total Program cost:* NRs. 1,054,970/  
*VWWC's contribution:* 1 percent of the project cost  
*Project area:* 4 VDCs - Dhangadi, Bishnupur, Bastipur, and Govindapur of Siraha district  
*Target Group:* 1000 Poor and underprivileged women  
*Project Objectives:* establishing a creative society by sensitizing the poor and underprivileged women about their legal right; and helping the village women for self-reliant, independent, and progressive.  
*Source:* VWWC office, Siraha

Working in violent areas indeed would be difficult. Both of these NGOs have been working in the Maoist affected areas and working for the victims of Maoists violence and socially discriminated section of the society. Working in such situation obviously demands good governance, i.e., maintenance of program and financial transparency and accountability for meeting their objectives. For this, the executive committee and NGO administration should be capable and efficient. This study reveals that the executive committee often meets to discuss on the organizational matters such as planning of the programs and allocating budgets. Some of the positive results observed during field visits were:

**Box B: Danfe Youth Club (DYC), Jajarkot district**

*Legal Status:* registered in 2044 (1987)  
*General Member of DYC:* 75 (Male 72 & Female 3)  
*Executive Committee:* 13 (11 male, 2 female)  
*Project title:* Awareness & Income Generating Program among the Victims of Conflict.  
*Total Program cost:* NRs. 2,044,520.00  
*DYC's contribution:* 1 percent of the total funding  
*Project area:* Jajarkot District  
*Target Group:* Victims of conflict.  
*Project Objectives:* Support to 100 household victims of conflict through IG program; Education support to student;  
*Health Clinic:* Peace Rally and distribution of Pamphlet on peace; and Skill Training, and community development  
*Source:* DYC office, Jajarkot

This study reveals that the executive committee often meets to discuss on the organizational matters such as planning of the programs and allocating budgets. Some of the positive results observed during field visits were:

- Help to break wall between so called higher and lower castes and also help to solve the caste related social disputes which often occurred in Nepalese rural society;
- Help to create women groups, to solve their socio/economic problems, and exchange their ideas to one another and also help to realize their legal rights, roles and status in society;
- Able to mobilize children and the youths in peace- building process;
- Help to create a peaceful environment;
- Provide skill training to generate employment;
- Deliver support to the poorest of the poor people; and

- Help to solve problems on human rights through radio listeners' club, public hearing program.

With regard to the governance status of these NGOs, some of the strengths were identified such as:

- Involvement of executive members was found to make things more open and transparent;
- Selection of projects was made as per the decision taken by the executive committee;
- Both of the NGOs have hired fulltime employees to implement day-to-day work and implement the programs;
- Utilization of funds (around 90%) in project activities,
- Project has submitted quarterly progress report to concerned agencies,
- Progress reports submitted to donor agency,
- Compliance of existing NGO governance laws was found as both of the NGOs were on the way to preparing annual progress reports, financial/program reports to the CDO office and to SWC for renewal process,
- Operation of the bank account was found as per the NGOs' statute, etc.

On the other hand there some weakness regarding their governance:

- Financial disclosure was not in full practice to the target groups;
- Financial guidelines not prepared which is important to keep the members/employees under financial discipline;
- Lack of internal controlling system, e.g., lack of maintenance of separate bank account, store register, bank reconciliation, making expenditures as per the accounting rule,
- Lack of adoption of 'code of conduct' for self-ruling among the NGO workers/executive members, etc.
- Lack of knowledge on existing governmental rules which applies to NGOs as well;
- Lack of creating monitoring and evaluation from the concerned authorities including donors;
- Lack of creating M/E mechanism by the NGOs,
- Lack of effective coordination between NGOs and the local development authorities such as DDC and the DAO who are also responsible to govern NGOs.

### **Discussion on the NGO Governance**

NGOs/INGOs are taken as development partners and trying to find their meaningful role for mobilizing local resources and implementing their programs at the grass-roots level. For this end, government enacted various NGOs governing legal instruments, which help the NGOs to proliferate and work according to their choice of areas and the programs. The Local Governance Act also allows NGOs to participate in the local planning process and implement their own programs and also local bodies' programs. The SWC act 1992 also directs the INGOs to work in partnership with local NGOs. These all help creation of more NGOs in Nepal. So it can be claimed that the expansion of NGO community in Nepal is due to the government's favourable policies. With such expansion, the governance of NGOs may vary as per their functional diversities and also their presence in a particular setting. Whatever their functions and wherever they work, they need their own governance 'good' for meeting their missions and goals. The most respondents think that enough funding and effective executive, transparency and accountability, skilled staff, public support, government support, and the use of advance technology are taken as important factors to effectively govern NGOs. There is confusion around whether the government has direct/control over NGOs or sets them free to choose their activities. Problems occur both on

the part of government and the NGOs. This issue has not been properly addressed in each of the legal instruments. As a result, the local government could not enforce NGOs as per the legal spirit (Dhakal, 2000). A study shows the lack of proper co-ordination between governmental and non-governmental organizations has often found in the duplication of activities (Dhakal & Ulvila, 1999). By virtue of their nature, NGOs are free to work according to their choice. A concern is what if they do not do they are supposed to do. The legal measures to be enforced in such case has become another issue. One possible solution would be self-rule mechanisms through the development of a “code of conduct” but, in the absence of such measures, they could become ‘governanceless’ or ‘anarchic’.

It has also been realized that Neali NGOs have a very weak financial base and also have often been found to make their financial transactions secret. Sometime, INGOs have hidden interests to intervene in developing countries and do not like to disclose their purposes (Tvetd, 1998). Considering such issues, academics and practitioners began to discuss NGO credibility and their importance to the enhancement of people’s power. Rademacher thinks

It is difficult, if not impossible, to get a clear picture of the intentions and performance of every new NGO. It is also unwise to automatically liken a larger NGO population to a surge in “people power” enthusiasm the newer NGOs must first prove that they are genuine and effective (1995: 34-35).

However, it is mandatory by law to disclose the business of NGOs in Nepal. After the completion of each fiscal year, every an NGO should submit certain specified documents to its authorized office/authorities (DAO and SWC), especially for the renewal process. In addition to such provision these reports should also be submitted at the annual general meeting and the Board meeting of the concerned NGO. Obviously such provision helps transparency. SWC Act 1992 provides the NGOs more flexibility for creation of new NGOs and performing in its own way. The flexibility helped proliferation of NGOs, which, however, lacked developing a mechanism for making such entities more responsible and accountable to the society. Some of the identified problems include:

- Over-flexibility of legal provision provided a leeway to the NGOs not to be transparent in their activities;
- Discretionary power for their activities created a threat of NGO anarchism;
- Lack of clearly specified *modus operandi* in the existing legal instrument for a better co-ordination among the NGOs and the local development agencies;
- Politicization of SWC executive committee, rather than a professional approach based on competence;
- Lack of SWC capacity to govern increased number of affiliated NGOs/INGOs; and
- Lack of a clear demarcation of functional roles in the SWC Act between MoWCSW and SWC for governing the NGOs (Dhakal, 2006).

In addition, the DAO was also found concentrating only on registration and the renewal process rather than assessing the NGOs' activities. One of the reasons behind this was lack of necessary logistics to monitor and evaluate NGO functions. Similarly, field observations also revealed that financial guidelines were not available to VWWC. But the DYC was provided financial guidelines written in English which became difficult to understand and follow accordingly. Due to inability to understand financial guidelines affected to the compliance of such guidelines. On the other hand, the NGOs have also not developed administrative/financial regulations and also lack proper trained human resources which often become difficult to maintain the existing regulation and implement their programs efficiently. Both of the NGOs were not found to be coordinated with respective DDCs and/or the DAOs and lacked continuous monitoring and follow up mechanisms. Though Local Self-governance Act spell out the coordination between

concerned local bodies and the NGOs, the Act just becomes 'wishful' and lacks enforcement which is also critical for NGO governance in Nepal. Looking into the lack of discipline in NGOs, especially for financial and program transparency, the SWC introduced 'Code of Conduct' in 2005 but could not implement it due to severe criticism from the NGOs. The irony is that the 'principle of self-restraint' also has not been implemented among the NGOs in Nepal. The recent management strategies such as "beneficiaries' audit" and "public hearing" could also be helpful to enforce the NGOs executives working within the framework of financial and/or programmatic discipline which would be helpful for self-governing the NGOs. Field observations and discussions with beneficiaries made evident that such practice has not been adopted which could be an emerging issue for governing NGOs in Nepal.

Usually Nepali NGOs are primarily funded (up to 95%) from donors and INGOs. They get funding from the government purse which accounts around 4% and just a meagre contribution (0.5%) from among the members of the concerned NGOs. As there is a severe lack of private foundations to support NGOs in Nepal, the financial crisis often occurred with the absence of donors and/or INGOs funding. Often local NGOs have to compromise to the conditions of donor/INGOs. In addition, instead of individual giving the members of the NGOs themselves expect certain benefit from their respective NGO and can hardly offer financial contribution. In both of the cases some of the executive members have been getting a salary form the NGO project. To continue their paid job the NGO executive try to develop relations with funding agencies such as INGOs and the donor agencies to meet their financial need.

Due to the financial vulnerability of NGOs, they can not hire skilled persons on one hand, and on the other, employees were found lacking a safe environment and motivation. Some of the reasons highlighted during the interviews were the vulnerability of the job in case of stoppage of donor/INGO funding, lack of self-generated funds, and limited scope of their career development. Thus, lack of professionalism is a common phenomenon among NGOs in Nepal. It is clear there are considerable hindrances for NGO governance in Nepal.

## **Conclusion**

The growth of modern NGOs in Nepal has proliferated since 1990s after the government's adoption of favourable policies to bring NGOs more aggressively in the socio-economic process. In Nepal and elsewhere as well, the financial and program transparency with regard to NGO functioning are debated issues. Such phenomena pose difficulty in the governance of the NGOs. For this, it requires measures and implementation of them to overcome such issue. It also requires the promotion of NGO ethics and strict official and public surveillance. One of the identified problems related to NGOs in Nepal is lack of monitoring and evaluation. The field studies also revealed that both of the cases were monitored once only against a provision of four times a year. The SWC has been suffering from its own weak institutional arrangements and professional approach exacerbated by politicization. To back up governmental management regarding NGOs, the NGOs themselves should also introduce self-regulation mechanism. Code of conducts could be one of the self-governance mechanisms to make the actors of NGO/INGOs more disciplined and the compliance of existing legal framework.

Despite NGOs having high social value to work as social institutions and the social actors as "social insurance" (Platteau, 1991) and also as "social capital" as said by Putnam (1993) they have high value in the Nepalese society as well. However, lack of self-discipline and weak management capacity of the concerned NGOs and lack of capability of the concerned governmental authorities, it has become difficult to govern NGOs in Nepal. Due to the lack of

coordination and absence of understanding among the NGO communities and the government often creates a “problem of doubt” in Nepal. Developing understanding among the NGOs and governmental organizations and the private citizens helps to build NGOs credibility and also facilitates to govern the NGOs in the country. Coordination between NGOs and governmental authorities is still based on personal relations. Despite some of these weaknesses of governance of Nepali NGOs they are growing and able to create their institutional space. However, it is yet to prove their institutional significance for consciousness for creating “civil society” not only self-satisfaction. It is obvious that some NGOs are doing well, and others manage their activities in a terribly poor manner. This disparity can be taken as one of the challenges of NGO governance in Nepal.

### References

- Backer, Susanne. June 1998. *The Dichotomies of NGO Accountability: A Case Study of Backward Society Education (BASE) in Nepal (an unpublished Master's Degree Dissertation)*. Copenhagen Business School, Department of Intercultural Communication and Management, Denmark.
- Bhattachan, K. B. 1999. “NGOs and INGOs In Nepal: Reality and Myth”. In: F. Hossain, M. Ulvila and W. Newaz (Eds). *Learning NGOs and the Dynamics of Development Partnership*, Dhaka Ahsania Mission, Dhaka, pp. 269-280.
- Bhattachan, Krishna B. 2000. “Voluntary Actions and Ethnicity in Nepal: Challenges and Limitations”. In: J. Vartola *et.al.* (Eds). *Development NGOs Facing the 21<sup>st</sup> Century Perspectives from South Asia* Institute for Human Development, Kathmandu, pp. 74-80.
- Chand, D. 1991. *Development through Non-Governmental Organisations in Nepal*, Institute for National Development Research and Social Services (INDRASS), Kathmandu.
- Chand, D. 1999. “HMG Policy, INGOS Legal Status in Nepal, Role of SWC on INGOs and Utilisation of INGOS Aid” In: *Community Development Service Association: Social Development and INGOS Activities in Nepal*. Community Development Service Association, Kathmandu.
- Commission on Global Governance 1995, *Our Global Neighborhood*, Oxford University press, New York.
- Dahal, D. R. 1997. “Role of Voluntary and Non-Profit Organisation in Local self-Governance” *The Journal of Development and Local Management* Vol. 1 May
- Dhakal, T. N. 2000. “Policy Perspective of NGO Operation in Nepal”, In: Juha Vartola *et al.* Editors. *Development NGOs Facing the 21<sup>st</sup> Century Perspectives from South Asia*, Institute for Human Development, Kathmandu, pp. 81-99.
- Dhakal, T. N. 2006a. *NGOS IN LIVELIHOODS IMPROVEMENT Nepalese Experience*, Adroit Publishers, New Delhi.
- Dhakal, T. N. 2006b. “Nepal ma Gairasarkari Sanstha Sambandhi Aachar Sanhita” (Code of Conduct for NGOs in Nepal). *Prashasan (The Nepalese Journal of Public Administration)*, Iss. 103, Jun, pp.33-42.
- Dhakal, T. N. & M. Ulvila. 1999. *Institutional Analysis of Markhu VDC with Emphasis on Non-Governmental Organisation* (An unpublished Report on NGOs in Development Research Project Working Document 3), March. Department of Administrative Science, University of Tampere, Tampere.
- Hossain, F. 1998. *Administration of Development Projects by Nordic and Local Non-governmental Organisations: A Study of Their Sustainability in Sough Asian States of Bangladesh and Nepal*. An unpublished Licentiate Thesis in Administrative science submitted in University of Tampere, Tampere.
- Lama *et.al.* 1992. “Non-Governmental Organisations and Grassroots Development”, *Administration and Management Review: Number 6* January.

- Law Management Society. 1999. *Local Self-Governance Act, 1999*, Law Management Society, Kathmandu.
- Maskay, B. K. 1998. *NON-GOVERNMENTAL ORGANIZATIONS IN DEVELOPMENT Search for a new Vision*, Centre for Development and Governance, Kathmandu.
- NGO Federation in Nepal. 1992. *Proceedings of the National Level NGO Workshop*. (Kathmandu, unpublished).
- NPC. 1993. *Eighth Plan (1992-97)*. National Planning Commission, Kathmandu.
- NPC. 1998. *Ninth Plan (1997-2002)*. National Planning Commission, Kathmandu.
- NPC. 2003. *Tenth Plan (2002/07)*. National Planning Commission (NPC), Kathmandu.
- Platteau, J.P. 1991. "Traditional Systems of Social Security and Hunger Insurance: Past Achievements and Modern Challenges", in Ahmad et al., *Social Security in Developing Countries*. Clarendon Press, Oxford, pp. 112-170.
- Putnam, R. D. 1993. "The Prosperous Community: Social Capital and Public Affairs," *The American prospect* 13 (Spring). pp. 35-42.
- Rademacher A. 1995. "Democracy Development & NGOs in Nepal" In. A. Rademacher, *Democracy Development & NGOs*, SEARCH, Kathmandu.
- Regmi, M. C. 1978. *Readings in Nepali Economic History*. Kishor Vidya Niketan, Varanasi.
- Shah, I. B. et al. 1986. *Social Service in Nepal: A Historical Perspective*, Social Service National Co-ordination Council, Kathmandu.
- Subedi, H. R. 1984. Special Feature of Guthi Samsthan Act 2041 (in Nepali) *Dharma Darsan*, Kathmandu.
- SWC. 2006. *List of Non-Governmental Organisations Affiliated with Social Welfare Council*. Social Welfare Council (SWC), Kathmandu.
- Tvedt, T. 1998. *Angels of Mercy or Development Diplomats? NGOs and Foreign Aid*. Africa World Press, Oxford: James Currey, Trenton.
- UNDP. 1997. *Governance for Sustainable Development: A UNDP Policy Document*. New York: UNDP, January.
- Warren M.A. & L.F. Weschler. 1999. Electronic governance on the Internet. In G.D. Garson, Editor, *Information Technology and Computer Application in Public Administration: Issues and Trends*. Hershey, PA.: Idea Group Publishing.