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Democracy  
Development  
&  
NGOs

Anne Rademacher

Deepak Tamang

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## PREFACE

Nepal's socioeconomic development history has long been the topic of analysis, speculation, and dispute. Theories which seek to explain "what's gone wrong", along with assertions regarding how to make it right, abound. Some blame the corruption and inefficiency which are the legacy of past political systems while others conclude that an irresponsible and ill-informed international community concentrated its aid funds in directions which prohibited it from reaching the poor themselves. Some more recent works have focused on Nepal's unique cultural condition and the historical possibility that past development efforts have not been created with an understanding of Nepal's cultural characteristics in mind. A criticism of the Panchayat Government's handling and channeling of international aid and its restrictive political policies, however, is almost always a component of any analysis of Nepal's development failures.

Democratization in Nepal, then, brings about interesting opportunities. A new system of government which in theory is accountable to the people would be expected to mobilize the development effort more efficiently and more justly. A political environment which allows free speech and assembly would lead individuals to a participatory role, particularly in the process of community development. Small-scale groups could redefine the boundaries of possibilities for addressing their most immediate concerns.

Of course, the present case is not this simple. After just three years, while much has changed on the surface, many argue that a significant redefinition of the government and its role has yet to occur. Cultivating democracy will be a slow and often painful process, and it is clear that the majority of its potential benefits will be realized only in the future.

NGOs assume an interesting role in this scenario. Many members of the NGO sector claim that they are an essential catalyst for the empowerment of Nepal's people, and hence an important part of an authentic process of

# Democracy and NGOs in Nepal

Anne Rademacher

Since the People's Democratic Movement of 1990, the question of how democracy will evolve in Nepal and what effect the new political structure will have on the everyday lives of Nepal's citizens has been constant. It is widely recognized that those who worked to bring about a new government had visions not only of political freedoms, but also of an improved quality of life. The hope for change which accompanied the establishment of democracy was a hope for a better Nepal, in the broadest of terms.

Yet, when we consider this expectation practically and in an historical context, we see the enormity of the challenge the new government and Nepal's people now face. The democratic government inherited a legacy of failed development policies and a population for whom regular, popular participation in governing society was a completely foreign concept. How to reverse these trends? How to replace failed development policy with efforts that will work? How to cultivate a sense of responsible, personal power in every Nepali citizen and reverse the paralyzing legacy of the Panchayat System? Above all, how to convince an eager populace that real change will take time, patience, and active participation?

Surely genuine change will take time - perhaps generations. There are, however, catalysts for this evolution emerging in Nepalese society - today - that are worthy of attention and support. At the forefront of the potentially promising signs of change is the growth of Nepal's nongovernmental sector.

Since the People's Movement, the NGO sector in Nepal has been growing at an alarming rate. While a portion of the newer NGOs are being accused of ingenuine intentions, if even a minority of the many new organizations are successful and credible, this is a trend worth acknowledging. NGOs, at their best, can be effective forums in which the people themselves act for socioeconomic change; they can be vehicles fueled by responsible, directed people power.

The growth of NGOs, like the People's Movement itself, may be viewed as a statement of dissatisfaction with the record of the past, accompanied by a tangible effort to reverse it. As organized groups of citizens working to empower

one another, NGOs are important for nurturing and sustaining democracy. Perhaps most importantly, around the world, development theorists are coming to acknowledge the nongovernmental organization as an integral component in new visions of just what development means and how it can be effectively, sustainably realized.

This project is an attempt to synthesize the many topics that fall under the title Democracy, Development, and Nongovernmental Organizations in Nepal. Our goal is to provide a broad picture of the evolving role of the NGO and its potential significance for Nepal's future.

We begin by acknowledging a global development crisis that demands creativity, energy, and, above all, a new direction, to curb the trend of escalating poverty. Nepal's crisis is real, though scholars and scientists argue as to the details and exact quantification. While we may not yet know exactly how much Nepal's deforestation contributes to severe flooding in Bangladesh, for example, we know that Nepal's environmental situation is critical enough to begin acting *now*. One need only walk down the streets of Kathmandu to understand the extent to which the air is unbreathable; simply looking at the Bagmati River is enough to know that its present state must be the result of severe irresponsibility. Plagued by failed development policy and a government that has acted as an obstacle rather than an aid in the development effort, Nepal finds itself in the grip of economic stagnation and absolute dependency on foreign aid while the quality of life of its people worsens and the vitality of the environment disappears. Nepal's overall situation has been decades in the making. Its deterioration can be linked to external and internal factors.

This project presupposes that globally, there has been a problem with the development approaches of the past; Nepal's case is no exception. We briefly examine the growth-centered development model and consider its shortcomings. We then explore a new vision of the future that is evolving as an action response: development practices which draw heavily on the use of nongovernmental organizations. We also attempt to place new thinking on development into a Nepalese context by briefly reviewing important historical and cultural characteristics which combine to make Nepal's development experience unique.

Nepal's democratic transition has already wrought significant change on its development arena, most notably through legislative changes and policy

statements. We will look at the current legal environment into which NGOs must integrate themselves. Recognizing that the success of democracy and NGOs are interconnected, we will briefly examine the evolution of Nepal's democratic government thus far.

The issues within Nepal's NGO community itself are also important to consider. The NGO community in Nepal is in the midst of a crisis of its own which centers around proving its worth and effectiveness to a skeptical government and general population. Criticisms abound, while the sector itself seems unable to unify to disprove them. Basic questions of identity, self-definition, and credibility are as yet unresolved among NGOs themselves. We will look at the dimensions of these problems and assess the damage they can do if left unresolved.

Finally, we will look at ways NGOs can improve their effectiveness through improved management practices. A smooth, flexible operation insures that an NGO will be able to not just proclaim goals, but reach them as well.

This endeavor is broad, and, we acknowledge, by no means exhaustive. Many of the issues about which we have written are dynamic and have continued to evolve long after they were recorded here. Our hope is to provide a general picture of the NGO community as it exists today, bearing in mind its constant motion.

The need for change seems immediate; the global trend of escalating poverty worsens daily. Yet, as Vandana Shiva cautions in her examination of development and survival in India, "The crisis mind can offer no solutions"<sup>1</sup>. Prior to action, then, a clear vision of the future and an understanding of the mistakes of the past is imperative. To begin, then, we consider briefly from whence new thinking on development and NGOs emerged.

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<sup>1</sup> Shiva, Vandana. Staying Alive: Women, Ecology, and Survival in India. New Delhi: Kali for Women, 1988. p223.

## I. The Big Picture: Old and New Thinking on Development

### Old Ways: Growth First

In the past, generally speaking, "development" has been equated with economic growth. Increasing economic output is most important to the growth-centered view of progress, where modernization is centrally planned and controlled and concentrates mostly on industrialization and the establishment of institutions. In the growth-centered model, outside forces implement - or superimpose - "development"; these forces seek to catalyze technological advancement. Proponents of this vision compose an enormous global development industry of technocrats and professional financiers who operate through multi- and bilateral development networks.

In this model, poverty is perceived as strictly the result of inadequate growth; hence the logical solution is to increase capital investment. Economic output is of utmost importance in measuring "development"; the sustainability of a project, ecological consequences, or encouraging political development and human rights are secondary concerns. In this model, governments of developing countries often maintain centralized power over the distribution of development funds without allowing popular input. There is a small, if any, role for the individual in this model.

After decades of development efforts, the "growth first" approach to relief has proven severely flawed. We have learned that poverty alleviation does not necessarily accompany economic growth. In practice, instead of genuine development, the growth first approach has created severe new problems: dependency on borrowing, a more comfortable life for the already-privileged, and a new form of "colonialism" in the absence of real domestic market creation. To further complicate the matter, since environmental and real human concerns do not directly figure into the growth-centered model, we are only now realizing the dire social and environmental consequences of following this approach.

Perhaps most importantly, we have learned that economic growth equals neither poverty alleviation nor a healthy environment. Let us return to the example of the Bagmati River. In its Jan-Feb 1992 issue, entitled "Limits to Growth", Himal magazine printed the following in an article entitled, "The

## Bagmati Scorned":

Sand from its riverbed, hydro-power from Sundarikal, irrigation water throughout its length - metropolitan Kathmandu takes all these from the Bagmati River. Does the city give anything in return? It does - raw sewage generated by hundreds of thousands, untreated effluent from industrial estates, hospital wastes, toxic chemicals, acids from "carpet washing" plants, pesticides and chemical fertilizers leaching from the fields, and the detritus of cremation ghats.<sup>2</sup>

Clearly the Bagmati has suffered from a myopic perception of its worth; industrial exploitation combined with the growing demands of a growing population has far exceeded the river's sustainable capabilities, and hence, its future as a river is uncertain.

Vandana Shiva, author of Staying Alive, offers a perspective on past development efforts, asserting that they might be more accurately termed "maldevelopment":

"Production" takes place only when mediated by technologies for commodity production, even when such technologies destroy life. A stable and clean river is not a productive resource in this view: it needs to be "developed" with dams in order to become so. Women, sharing the river as a commoner to satisfy the water needs of their families and society are not involved in productive labor: when substituted by the engineering man, water management and water use become productive activities. Natural forests remain unproductive until they are developed into monumental plantations of commercial species. Development, thus, is equivalent to maldevelopment, a development bereft of the feminine, the conservation, the ecological principle.<sup>3</sup>

There are plenty of examples of the shortcomings of a strict "growth first" approach from all over the planet. One often-mentioned, classic case is the experience of Brazil, whose rapid economic growth has been accompanied by intensifying poverty, income disparity, and a record of wasteful borrowing<sup>4</sup>. In another example: throughout the 1980s, record levels of global grain production,

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<sup>2</sup> Dixit, Ajaya. "The Bagmati Scorned". Himal. Jan-Feb 1992. Vol 5, no 1. p25.

<sup>3</sup> Shiva, p4.

<sup>4</sup> For an elaboration, see Kortzen, David C. Getting to the Twenty-first Century: Voluntary Action and the Global Agenda. West Hartford CT: Kumarian Press, 1990. p19

great for growth, were at the expense of severe environmental consequences, among them the unsustainable mining of topsoils and groundwater supplies. Expanding logging, cattle and shrimp industries brought about rapid growth for some countries, but only now are we discovering the resulting environmental damage<sup>5</sup>.

David Korten, in his Getting to the Twenty-first Century, identifies another product of growth-centered development: a form of "colonialism" resulting from economic dependence<sup>6</sup>. He asserts that economic growth efforts are often concentrated in the industrial and agricultural sectors, linked primarily to foreign markets rather than the domestic economy. This, then, for the donor, translates into an opportunity to exploit the cheap labor and resources of the aided country, whose domestic market is unable to absorb production. By cultivating an export-centered economy, countries are bound to the sale of goods at whatever price is offered on the international market (regardless of growing competition) while remaining responsible for loan repayments. Often, a loan from a multilateral agency may be given on terms of structural adjustment or sector adjustment, which many argue gives the donor tremendous policy-making power which has not always led the recipient country to a desirable end. The donor arm often extends far beyond simply providing "aid". The cycle emerges: continued borrowing becomes an annual ritual, as every year more money is required to service debt payments. Korten makes the point that without such a cycle, the very existence of multilateral banks would be in question, and here is a central part of the problem. This "colonialism" is a debt-and-credit dependence that is crippling over the long run.

Nepal has most definitely become dependent upon foreign aid, and that dependency is increasing: Foreign debt is rapidly accumulating; in 1990/91 Nepal's outstanding external debt reached Rs. 46 billion, or 46% of the estimated GDP<sup>7</sup>. In the budget announced for 2050-51 (1993-94), the combination of foreign loans and grants provides 43.96% of estimated income.<sup>8</sup>

In addition, growth-centered development tends to concentrate power in the

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<sup>5</sup> Korten, p21.

<sup>6</sup> See Korten, Chapter 6, pp48-66.

<sup>7</sup> Acharya, Meena. Aid in Nepal's Development: How Necessary? Kathmandu: Udaya- Himalaya Network, 1992. p10.

<sup>8</sup> The Kathmandu Post. "Dependence on Foreign Loans Increases". July 12, 1993, p 1.

hands of those who have the most to gain from its preservation<sup>9</sup>. Funds are often channelled through central governments who retain complete control of them. In many cases, progress, when realized, tends to be by and for the elites. Particularly in countries with inequitable political structures, the benefits of growth reach the rich and never see the poor. The post-democracy criticisms of Nepal's Social Service National Coordination Council illustrate this point in the context of Nepal. The SSNCC was a controlling mechanism that many believe severely hindered, rather than facilitated, Nepal's development.

Despite decades of warning about the consequences of our charted course, a significant change of development direction is only now beginning. All over Asia and around the developing world, nongovernmental organizations are assuming a role as one type of viable alternative to the approach of the past. In Nepal, the recent democratic transition and the growth of the NGO sector demonstrate a public energy that, if properly nurtured, can make a people-centered development effort work effectively for change.

### **Responses to Failure: New Visions**

In Nepal and the world, new visions are emerging in an attempt to remedy the development legacy of the past. There is a decided push toward expanding our perception of development so that it truly includes the welfare of people and ecology, not as peripheral, but as central concerns. We are challenged to transform our definition of quality of life from its former material centrality to a focus on the social, mental, and spiritual development of those in the grip of poverty.<sup>10</sup> Above all, perhaps, these new strategies are based on the ideal of social equality and a distribution of power among the populace rather than power wielded by a centralized authority. Around the world, as countries make decided efforts to create their own democracies, there is potential for this basic tenet of new development visions to take root. As NGOs grow, people find that they themselves can directly affect change; the surge of people-power potential that accompanies Nepal's growing NGO sector may spell genuine, redefined development for Nepal.

In addition to recognizing social and environmental factors in a broader definition of development, there is also a growing acknowledgement of the

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<sup>9</sup> Korten, pp50-1.

<sup>10</sup> This paraphrases an idea presented by Korten.

importance of a society's image of self . David Korten asserts this in the global context in Getting to the Twenty-First Century, while Dor Bahadur Bista, in his controversial Fatalism and Development, proposed this idea with specific reference to Nepal.<sup>11</sup> There are several approaches to ascertaining a society's "self image"; among them is the level of public participation in a governmental structure. In the case of Nepal, it can be argued that Panchayat Democracy, by restricting popular participation and denying basic civil rights, cultivated a low self-image among the people. Both Bista and Korten agree that true "development" occurs only after one has reached a degree of control over the quality of one's life. One way of achieving this is popularly termed "empowerment"; genuine democracy can be a clear manifestation of this<sup>12</sup> . The emerging importance of NGOs means greater opportunity for the "empowerment" which leads to a healthy collective self-image.<sup>13</sup>

Visions of the future assume different models, but share a common core: aware of and dissatisfied with the past, they assert that real development must be participatory and concerned with more than just economic growth. The absolute importance of our natural environment and the rights of historically marginalized people are major concerns. Poverty alleviation becomes decentralized and economic growth, while still a factor, becomes secondary.

H. Bongartz describes an important role for NGOs in Development Theories: NGOs and Self-Help Organizations<sup>14</sup> . He identifies the tenets of direct decision involvement and small-scale, self-help efforts as central to the "New Development Strategy". Strengthening the poor by giving them power in their own right will begin to alleviate poverty, he asserts. Small scale NGOs play an integral role in this process.

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<sup>11</sup> Korten and Bista, Dhor Bahadur. Fatalism and Development. Calcutta: Orient Longman, 1991. Bista combines several Nepalese cultural factors in his examination of the failure of socioeconomic development efforts in Nepal. Foremost is the culture of fatalism and dependency, which he asserts exists in full force in Nepal and devalues the concept of productivity and personal power.

<sup>12</sup> Here, democracy refers to the idea of providing people with a true public voice and a representative participation in the process of government on all levels. Like most political theory, democracy in its applied form takes many shapes around the globe, some of which deviate far from its original tenets.

<sup>13</sup> Korten asserts that empowerment and information dissemination are interconnected, and identifies NGOs as highly capable of providing information to the people that might otherwise not reach them.

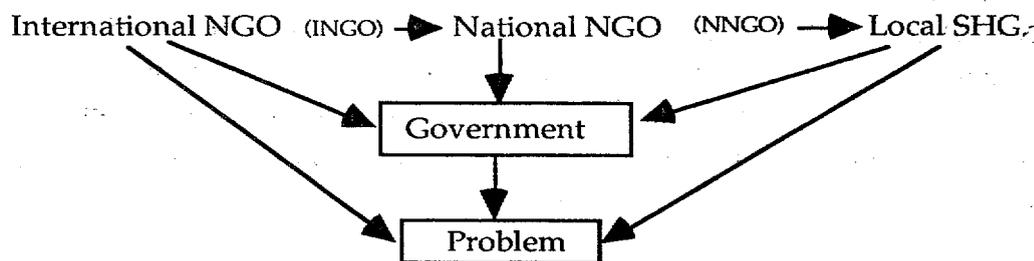
<sup>14</sup> Bongartz, Heinz. Development Theories: NGOs and Self-Help Organizations. Kathmandu: Nepal Foundation for Advanced Studies, 1992.

Korten outlines a system of development "generations", in which the fourth and final step of a developing country is a change of institutional policy by decentralization and democratization. He, too, examines the integral role of the NGO as both a source of information (the ultimate resource, he says) and as a mechanism through which the people themselves articulate their needs.<sup>15</sup>

Several writers are echoing the ideas discussed here; those mentioned are by no means the only visionaries from whom we can learn. In many cases, writers are highlighting the role of NGOs and people's organizations as essential components in the future of development. It is important to note, however, that while NGOs assume powerful roles in these visions, they are by no means their only characteristic and thereby the single hope for the future. Globally, and particularly in Nepal, it would be foolish to assume that NGOs have evolved and are organized to the point at which they are capable of assuming the entire burden of development. The success of NGOs depends on their effective integration into an already-institutionalized development mechanism. It is essential to emphasize that NGOs have a significant amount of developing to do themselves before they are capable of effectively impacting development trends. The key concept is *potential*: NGOs, if properly nurtured and integrated into a working partnership with existing development networks, could assume a larger and more effective role in the development process.

### Linking Institutions: Formula for a More Just Development

Well-organized NGOs can play a significant role in maximizing the benefits of people-centered development. However, NGOs, particularly in Nepal, come in different shapes, possess different capabilities, and must undergo a gradual process of maturing before they can assume their optimum role. Nevertheless, thinking ahead gives us a vision of what to strive toward. The following diagram outlines one idea of productive linkage between NGOs and the government:



<sup>15</sup> See Korten, Chapter 10, pp 112-132.

This model demonstrates a relationship which utilizes the advantages of existing institutional levels while insuring a voice for the target communities themselves. International NGOs channel funds through national NGOs, whose linkages to local groups allow a more just distribution of assistance. The cooperation of the government in a development partnership is essential to the operation of the chain, as is autonomous linking power between international NGOs and their national NGO partners.

International NGOs (INGOs) are challenged to incorporate national NGOs into their operations. The hope is that initial cooperation will give way to the transfer of project implementation and service delivery responsibilities to the national NGO (NNGO) level. The INGO evolves, then, into a facilitator, trainer, and consultant, rather than a direct implementor.<sup>17</sup> The justification for this is multi-faceted: national NGOs are closer to the target communities and probably have cultural and social insights which foreigners lack; they have the potential to be better mobilizers of resources within local communities; and INGOs are relieved of the responsibility to intervene in cultural, political, or religious problems that may arise and are only solvable by the local community itself.<sup>18</sup>

Shifting to the relationship among institutions described above is not an automatic process. The NNGO community, particularly in the case of Nepal, is not developed to the degree that it is ready to assume the responsibility this model demands. Most NNGOs in Nepal, for instance, lack the resources needed for effective action and urgently need both support and management training. Hence, NNGOs begin as learners in the INGO--NNGO link, assuming their full potential function only after a process of field training, management training, and organizational skills improvement takes place.

The proposed link to local self-help groups (SHGs), of primary importance to the development initiative, will also involve a long maturing process. The NNGO faces a challenge in locating and linking itself with these alliances. In Nepal, there is even debate about just how many self-help groups are already in existence at the local level and to what extent they are ready to assume broad responsibilities. SHGs also need improved organizational skills for project planning and an effective partnership with NNGOs. Once established, however,

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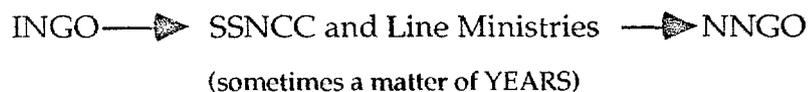
<sup>17</sup> United Mission to Nepal/ Rural Development Department. Supporting National NGOs in the Socioeconomic Development Process. UMN Oct. 1992.

<sup>18</sup> Ibid.

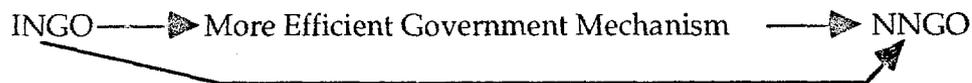
this relationship will be the most sustainable link in the chain, and the most significant departure from the cycle of dependency on foreign aid and guidance.

First and foremost are a governmental relinquishment of absolute power in development planning and implementation and an acknowledgement of the usefulness of the NGO sector through favorable national policy and guaranteed autonomy. Once these are realized, the sector can move to create linkages and partnerships that will facilitate effective development efforts.

When we consider this model in the context of Nepal, the result is both exciting and insightful. Nepal has a long legacy of centralized planning and a governmental system offering limited rights and opportunities. The former linking of development institutions, through the Social Service National Coordination Council, was at its best bureaucratic and tedious. It could take months or even years to channel funds from an INGO through to an NNGO:



A more favorable construction would allow INGOs access to NNGOs directly, particularly if the two are established partners:



Specifics of Nepal's past and present are outlined in the coming pages. As for the future, Nepal is poised with an effort, however gradual, toward a more democratic government, and a striking increase in members of the NGO sector. While the picture is by no means this simplistic, the key elements are already in place for Nepal; so are the grave problems. There is hard evidence of a social energy that, if given the right opportunities and nurturing, can turn Nepal's past failures into a more desirable social and environmental situation. The relationships outlined above can be established in Nepal; they depend on the actions of the people themselves and the evolution of a democratic government.

## II. Closer to Home: The Legacy and the Future in Nepal

Historically, Nepal's people have known few freedoms and little power of their own. Like its politics, the country's development process was highly controlled and centralized. Few of those affected by "development" had a voice in what or how things were done. With the exception of a fleeting taste of "democracy", the concept of people power finds few roots in Nepal's history<sup>19</sup>.

Due to the isolationism of the Ranas, Nepal as a nation knew little contact with the outside world and all but a few were denied a basic education. While it escaped direct colonialist domination, Nepal also "escaped" the infrastructure often left behind as a legacy of former dominating powers. When Nepal first received outside development assistance, it had virtually no roads (save some used for trade with India) or rail system, no communications network, and no developed power sources. The development task, from both a social and technological perspective, was an enormous one.

A movement against the Ranas and their policies evolved throughout the early 1900s, and opponents to the Rana government exiled to India found fertile ground for their cause there. Independent India was particularly sympathetic to the anti-Rana movement, and in 1948 Nepalese dissidents formed the Nepali Congress. A movement of nonviolent disobedience spread, and the Ranas conceded to composing a constitutional framework for Rana rule. This concession was not enough, however, and in 1950 the opposition launched a military operation which raged into January of 1951. In mid-January, the Nepali Congress and the Ranas agreed to a compromise settlement with India's Prime Minister Pandit Nehru acting as intermediary: King Tribhuvan would have his power restored, a coalition government would be formed with seven Ranas and seven popular representatives, and elections would be held in 1952<sup>20</sup>. India, of course, had an immediate interest in the course of political events in Nepal, since the Chinese takeover of Tibet had left the country as India's only buffer zone

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<sup>19</sup> Many scholars, such as Bista, also argue that democracy has little to do with Nepal's cultural history either, adding height to the hurdle of cultivating effective democracy in contemporary Nepal.

<sup>20</sup> These elections, however, were never held. They were delayed until 1953, and King Tribhuvan assumed dictatorial rule.

between it and communism. The intention to preserve that buffer was strong. The US also assumed a vested interest in this cause.<sup>21</sup>

Post-1951 "democracy" in Nepal represented a drastic change for the nation, but the government at this time was characterized by chaos and an on-going Rana-Nepali Congress power struggle. Bista explains:

The country could not pick up any developmental momentum after Rana family rule, because of the lack of genuine leadership and the predisposition of those in positions of authority to slip back into the old ways of doing things. ... The experiment in the use of parties was a dismal failure. The people they were to represent could not understand them or how they were to operate, and they quickly degenerated into the vehicles of particular, foreign, and moneyed interests.<sup>22</sup>

By June of 1960, the political situation was as unstable as ever, and King Mahendra declared a national emergency, ordering the arrest of his cabinet, the entire Nepali Congress, and almost all prominent politicians<sup>23</sup>. Over the next few months, the King designed a new governmental framework labeled Panchayat Democracy, a four-tiered system in which each tier was called a panchayat<sup>24</sup>

Although the aid-giving US disapproved of the coup, it nevertheless sustained full support to the regime on the theory that in a nation directly "threatened" by communism, almost any decidedly non-communist government warranted support.<sup>25</sup> India was soon to follow.

Absolute power meant the King had ultimate and total control over the pace and direction of Nepal's socioeconomic development. A case in point is the construction of the East-West Highway. The project was of utmost strategic importance, since the King had witnessed his army's inability to move fast enough to crush a Nepali Congress Rebellion in the summer of 1962. He saw the

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<sup>21</sup> The Point Four Agreement was a US policy formulated in the interest of containing Communist China. On July 23, 1951, the US and Nepal negotiated an agreement in which it would receive aid from the US. Nepal's first official request for aid from India followed in 1952.

<sup>22</sup> Bista, p81

<sup>23</sup> Mihaly. Foreign Aid and Politics in Nepal. New York: Oxford UP, 1965.p108.

<sup>24</sup> The word "panchayat" refers to the village council which was supposed to be the basis of the system. The masses were to rule directly through their local panchayat, ensuring a grassroots democracy. At the center of the system was the King.

<sup>25</sup> Mihaly, p120

road, then, as a potential power asset,<sup>26</sup> and work on this project moved faster than on any other during the period.<sup>27</sup> Development, in this case, was a strategic endeavor rather than one primarily concerned with poverty alleviation.

Five year development plans were the norm for defining official governmental development policy throughout the Panchayat Era. In addition to harsh control of political activities, control was exercised with respect to the establishment and operation of social organizations. In only a few instances, social organizations like the Red Cross Society (1963) and Bal Sanghathan (1966) were established.<sup>28</sup> NGOs with their own mandate and charter were looked upon as unwanted, progressive elements...threats to the system. Consequently, those organizations that were recognized were usually social service delivery groups, not "alternative" NGOs with visions of broader social or political change<sup>29</sup> .

In May of 1979, King Birendra announced a national referendum on the future of the Panchayat system. It was held in 1980, nearly a year later, and resulted in a slim victory for the system. Later, when the Panchayat government was criticized, the referendum could be referred to in defense, saying that the people themselves had voted in its support.

The *Sangh Samstha Ain* of 2033 (1977) broadly included in its definition of social organization almost all voluntary organizations serving the physical, economic, and intellectual development of Nepal's people. In the same year, the Social Service National Coordination Act was passed which established the Social Service National Coordination Council, the SSNCC, to act as a social service delivery mechanism. In the years following its formation, the SSNCC came to characterize the government's overall development efforts: *control*. Overseen by the Queen, it required official registration of social organizations, maintaining the broad definition described above. A ceiling was placed on the number of organizations that could register, and NGOs could not initiate any new activities which they had not previously defined, described, and obtained approval for. Each year local NGOs risked not having their registration

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<sup>26</sup> Ibid, p137

<sup>27</sup> Ibid. .

<sup>28</sup> Ghimire, Jagdish, Narahari Acharya, et al. *NGO Policy of Nepal: A Study*. Kathmandu: NGO Federation of Nepal, no pub. date. p3.

<sup>29</sup> Chand's "Part 2" (pp15-30) looks at the evolution of social service organizations in Nepal during the early Panchayat Period.

renewed<sup>30</sup> , so maintaining political favor was essential to survival, while opposition or openly advocating alternative methods meant a self-sealed fate.

The SSNCC mechanism required all donors to deposit their development grants into the Council's account. Domestic organizations receiving any part of this money were required to submit 72 copies of each organization's quarterly progress report. Only after this condition was met would the Council release funds for the following quarter.<sup>31</sup>

Reviews of the SSNCC were mixed, although in post-Movement times, it is difficult to find a favorable one. Most agree that the Council was an attempt to institutionalize the NGO community, while it was also conveniently oriented toward governmental control of the sector. The SSNCC could ban an NGO unilaterally, without legal recourse. Rather than being an autonomous body, the Council was an implementor of governmental policies, making it resemble "...the government's extended arm in the social sector"<sup>32</sup> . The SSNCC had no representatives from the NGO community and was not accountable in any way to the public. Jagdish Ghimire writes, " compared to the present, it was nightmarish then to operate a social organization".<sup>33</sup>

A report issued by CECI in 1992, after the dissolution of the Council, states that both NGO workers at the grassroots and NGO sector specialists indicated that they believe the SSNCC was a deliberate attempt to restrict and control the growth of NGOs rather than a body to promote them. The study asserts that formal registration of NGOs took time and screening and that many organizations were not registered until the local authority confirmed their political loyalties.<sup>34</sup>

Many claim, then, that the SSNCC turned out to be a tool of the Panchayat to protect the interests of the government and monitor any potential political threats. It created a dependency on central planning and coordination and

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<sup>30</sup> Lama, Mr. Mukta Singh. "Nongovernmental Organizations and Grassroots Development" presented at the National NGO Conference 1991. Kathmandu: Sept 23-25, 1991.

<sup>31</sup> Ghimire, p4.

<sup>32</sup> Maskay, Bishwa Keshar. "Nongovernmental Organizations for Development: Search for a New Vision" presented at the seminar, "The Role of NGOs in National Development". Kathmandu: 27-29 Feb, 1992. p 1

<sup>33</sup> Ghimire, p5.

<sup>34</sup> CECI The Potentials of Nepali NGOs. Vol 1. Kathmandu: Canadian Center for International Studies and Cooperation, Dec. 1992. p8

prevented unity among NGOs. One publication described the tactic simply as "Divide and Rule"<sup>35</sup> Ironically, it seems to have done little to facilitate successful development or coordination among Nepal's NGOs. For the most part, the SSNCC was an obstacle.

Criticisms of Nepal's overall development performance and charted course go way back; a few examples illustrate some of the complaints. In 1982, Integrated Development Systems issued a report on the Kosi Hill Area Development Programme<sup>36</sup> The study asserted that the poor in Nepal had not benefitted from development projects due to a lack of economic power. IDS wrote that both a drastic land redistribution and an elimination of exploitation were needed to turn development into a successful endeavor. It stated that Nepal, at the end of its Fifth Plan for economic development, was in dire need of a reduction in the monopoly of government-controlled institutions and centralized planning.<sup>37</sup> It identified the trend of foreign-aid dependency, saying

...The needs of the poor are of value only as justification to get more aid.  
...Using foreign aid and the labor of the poor, the elite have been having a joyride because they are an integral part of the decision-making process and have the resources to assure its continuance .<sup>38</sup>

Later, in 1987, David Seddon's Nepal : A State of Poverty sharply criticized the international aid community for enhancing the monarchy's hold on power through financial support. As long as money poured into the government apparatus, the status quo would remain, he argued.<sup>39</sup>

Such observations continued to appear in various publications, and became rather accepted notions. A post-democracy issue of Himal ran an article with this to say about the Panchayat's legacy:

One of the worst legacies of the Panchayat, perhaps, was that by its second decade it had started selling poverty to gain more and more foreign aid, which it then disbursed to keep itself in power. As one economist puts it, the dependency cycle reached right down to the village level and the poor began to adopt subsidized living. Today, the villager awaits the

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<sup>35</sup> Tamang, Deepak and Rhian Hill, eds. Change and Challenge. Kathmandu: SEARCH, 1990.

<sup>36</sup> IDS. Kosi Hill Area Development Program. Kathmandu: IDS, 1982.

<sup>37</sup> Ibid, p60.

<sup>38</sup> Ibid, p65.

<sup>39</sup> Seddon, David. Nepal: A State of Poverty. New Delhi: Vikas, 1987 p225.

handout to roof the local schoolhouse just as the government in Kathmandu waits for someone to build Nepal a hydropower project.<sup>40</sup>

The 1990 World Development Report claimed that several factors were impeding development. Among these was an "inadequate participation": inadequate attention was given to sociocultural and political factors in the design and implementation of projects, resulting in ineffective projects and a greater dependence on foreign aid.<sup>41</sup> The Bank blamed the concentrated and corrupt central authority administering aid, arguing that the inefficient bureaucracy was a major stumbling block in the chain of aid flow and project implementation.

So by the beginning of the nineties, it was a common opinion that development's failure in Nepal was directly linked to an inadequate government performance and overwhelming dependency on foreign aid. Just before the democratic changes, Nepal resembled the model described earlier: Development was highly centralized, and entirely foreign aid-dependent. There was no nurturing of a sense of political responsibility or ability to affect change among the Nepali people themselves. There was virtually no open political dialogue in the country. Debt and credit development served only to reinforce the positions of the powerful elites, while Nepal's poverty became more and more acute.

### **Opportunities Unfold: The Democratic Transition**

The People's Movement gained momentum out of both political and socioeconomic dissatisfaction and demonstrates the organizational and action potential of Nepal's people, particularly its urban population. Freedom and a better life were "ideological twins" for those demanding a change. Nepal's new constitution paves the way for dramatic changes by granting freedoms and rights known to few Nepalis in history.

A complex combination of a deterioration in trade relations with India<sup>42</sup> and growing dissatisfaction with the Royal government characterized the late

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<sup>40</sup> Bhattarai, Binod. "Poor in the Himalaya". *Himal*. Nov-Dec, 1990. vol 3, no 4. p8.

<sup>41</sup> World Bank *World Development Report*. 1990. New York: Oxford UP, 1991.

<sup>42</sup> The termination of trade and transit between Nepal and India dominated events in 1989. In 1978 Nepal and India had signed two separate treaties, one governing trade and the other transit rights. The treaties expired in 1983 and were renewed by Indira Gandhi's government for another five years. On March 1, 1988, India declared that the treaties would expire on March 23, and proposed negotiations on a new, single treaty. The Nepalese government, caught by surprise, maintained that the two issues should be regulated under separate treaties.

eighties. Nepalis were challenged by the massacre at Tiananmen Square in China in 1989 (even though it was barely covered by the Nepalese media) and the better-covered democratic revolutions taking place all over Eastern Europe. Multiparty democracy and basic human rights were the central demands of these movements, demands shared by the pro-Democracy movement in Nepal.<sup>43</sup>

The Nepali Congress and other opposition groups used the trade crisis and the international situation as a springboard for a movement to drastically reform the political system. The Royal government's failure to successfully handle the trade crisis with India was only the beginning of the complaints; issues of economics and social justice were also fervently raised.

The Movement began peacefully, but was met with government crackdowns which eventually brought the closing of all government schools and colleges, curfews in major towns, and a ban on all oppositional press<sup>44</sup>. Pressure on HMG mounted from abroad, accompanied by threats to review aid programmes<sup>45</sup>. Dependent on the billions of rupees which flowed into Nepal annually as aid, the pressure was on the government to maintain its face and not appear to be violating human rights. Opposition leaders asked foreign governments to withhold aid until the political situation in Nepal had settled.<sup>46</sup> Ironically, the very governments accused of supporting the Panchayat government by providing it with financial resources were now called upon to assist in the effort of dismantling it.

The number of lives lost in protestor-police violence over the seven-week movement is still a controversial figure: while many maintain that the death toll was between 500 and 1000, the official commission appointed to investigate the matter concluded that in fact merely sixty-two had died.

The King finally backed down on April 9, 1990 and announced that he would lift the ban on political parties and reform the Panchayat. After

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<sup>43</sup> Raeper and Hoftun, *Spring Awakening: An Account of the 1990 Revolution* in Nepal. p86.

<sup>44</sup> Singh, Kedar Man. "Kingdom in Crisis". *Far Eastern Economic Review*. April 12, 1990. vol 148, no 15. p11.

<sup>45</sup> Shah, writing in *Himal* ("Hardly a Catalyst". Vol 5. No 2: Mar/April 1992), asserts: "Nepal's transition to democracy was, in part, the result of foreign donors (particularly the US and European countries) threatening closure of the aid pipeline unless human rights were respected and repression ended. Subsequently the major donors have indicated that they will support the democratic government's development efforts." p26.

<sup>46</sup> Raeper and Hoftun, p116.

considerable delay, a draft constitution was produced which allowed for free elections in April of 1991 and a parliament with an upper and lower house of representation. The Far Eastern Economic Review reported

It took only two minutes for 222 years of absolute rule by the Shah Dynasty in Nepal to be formally ended by royal proclamation. The untrammelled power of the monarchy was transferred to the people under a democratic constitution announced by King Birendra on 9 November. Nepal was declared a multi-ethnic, multi-lingual, democratic, sovereign, independent, Hindu constitutional monarchy.<sup>47</sup>

The preamble to the constitution explicitly states that sovereignty in Nepal rests with the people. It guarantees fundamental rights to freedom of expression, assembly, and association. The document contains unclear wording regarding the King's emergency powers, however; it seems that he retains his right to revoke the constitution, as occurred in 1960<sup>48</sup>. This significantly weakens the Constitution and popular faith in it, since in any time of crisis, one will never be sure if democracy will be given the chance to resolve it. For instance, rumors and speculation accompanied the unrest in June-July of 1993: just what it would take for a repeat of the events of 1960?

Poverty, population growth, and an aid-dependent economy are the legacy inherited by the new democratic government. Nepal's dramatic political redefinition came at a crisis point in development; the new government's progress in reversing that crisis is difficult to ascertain, as it has been wrapped in controversy since its inception. Many in Nepal's intelligentsia agree that the root of Nepal's socioeconomic problems has been historically political, though, and many also expect that with genuine political change will also come a better life for Nepalis. Most expect that the new government will be a desirable alternative to the past, since clearly the Panchayat System, which channeled resources for its own reinforcement rather than for the common good<sup>49</sup>, was not an effective facilitator of development.

It is also clear is that those who demonstrated for change - economic and

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<sup>47</sup> Singh, Kedar Man. "Power to the People". Far Eastern Economic Review. 29 November 1990. vol 150, no48. p24.

<sup>48</sup> Shaha, Rishikesh. "A Good Constitution that Could be Better" Himal. Nov-Dec 1990. vol 3, no 4, p28.

<sup>49</sup> Tamang, Deepak, and Rhian Hill, eds. Change and Challenge. Kathmandu: SEARCH, 1990

political - are expecting it as soon as possible and those inheriting power are under tangible pressure to perform. Michael Calavan claims that democracy and development were, in fact, ideological twins during the 1990 Movement. "People want freedom and civil rights", he wrote, "but they also expect observable material improvement reasonably soon".<sup>50</sup> In his Recent Nepal, an historical account of the Movement, Laksman Bahadur KC writes,

...people...realized the fact that there was an inextricable link between economic development and political democracy. In the absence of democracy, economic prosperity of the people cannot be attained. This was undoubtedly one of the major factors which motivated the people to overthrow the partyless Panchayat regime and establish multiparty democracy.<sup>51</sup>

From a contemporary perspective, we can see that a multiparty system alone cannot instantly alleviate poverty, rather, it opens doors to the people themselves to contribute to the task. Nongovernmental organizations provide a vehicle through which to make such a contribution.

In terms of socioeconomic development, one major result of the democratic transition was the dissolution of the SSNCC. Upon stepping down as head of the council, HM the Queen was accused of leading a corrupt institution in which misappropriation of funds was commonplace.<sup>52</sup> By mid-May a seminar called for the immediate dissolution of the SSNCC. No one tried to save the Council; few were willing to try to democratize it. As the council was dissolved, the reality that a more just governmental body could potentially replace it meant hope for some.

Meanwhile, an Interim Government, established during the period before the first democratic elections and following the Movement, issued a "13 Point Policy" to liberalize the government's attitude toward NGOs. Several task forces were assembled to make suggestions on improving NGO policy; among these was the

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<sup>50</sup> Calavan, Michael. "Decentralization and Local Government: Some Institutional Issues". presented at the seminar, "Foreign Aid and the Role of NGOs in the Development Process in Nepal" Dec. 5-6, 1991.

<sup>51</sup> KC, Laksman Bahadur. Recent Nepal. New Delhi: Nirala Publications, 1991. p46.

<sup>52</sup> Diwaker Chand argues that allegations against the Queen, common at this time, were misguided and mostly waged by Indian papers. In his Development Through Nongovernmental Organizations in Nepal, (Kathmandu: Institute for National Development Research and Social Services, 1991) he argues that the real problem with the SSNCC was not the body itself, but the external bureaucracy with which it was forced to deal.

Dirgharaj Koirala Commission.. The findings of these forces, however, were made neither public nor available to the NGO sector by HMG.<sup>53</sup>

A report entitled "Report Relating to the Effective Management, Coordination, and Control of Foreign and Domestic Organizations" was prepared by a task force in 1992 under the Labor and Social Welfare Ministry. Ghimire points out that the very title of the report deserves notice, as it uses the word "control".<sup>54</sup> Distributed later at regional and national seminars on government policy, it appeared with a subtitle which replaced "control" with the word, "regulation".

In a national conference on social organizations held on June 7, 1992, Prime Minister Koirala assured the 600 NGO representatives present:

The government does not wish to control the functioning of social organizations; rather, it wishes to encourage them. However, it does wish to acquire information regarding their work.<sup>55</sup>

With those words in mind, the NGO community organized seminar after seminar in an attempt to define themselves and their evolving role in a dynamic political system. With rhetorical assurance from the government, legislative changes to bring NGOs into a freer and more prominent role in Nepal's development were eagerly awaited.

### **Responses to Change: Voices from the NGO Community.**

Over the transition period, a plethora of literature was churned out by members of the NGO sector, asserting that NGOs are central to both the process of democratization and to the effective working of any established democracy. Writers displayed an enthusiasm for the potential changes democracy would bring to the collective effort of NGOs. Dr. Jyoti Tuladhar wrote, "in order for growth to come out of the political change (rather than stagnation), NGOs must function as a catalyst: as mobilizers, facilitators, analysts, and advocates of the people"<sup>56</sup>. Many echoed her sentiment. NGOs, it was felt, could facilitate the breakdown of still-present feudalistic structures, while through economic and

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<sup>53</sup> Ghimire, p6.

<sup>54</sup> Ibid., p6

<sup>55</sup> Ibid, p8.

<sup>56</sup> Jyoti Thuladhar, "The Growth and Development of NGOs in the 1990s" presented at the seminar "National NGO Conference 1991". Kathmandu: Sept 23-25, 1991

social action, they could protect and consolidate the democratic process<sup>57</sup>. It is perhaps obvious that this is no small order. The challenges that NGOs in Nepal inherit are truly monumental.

Several recommendations for reform arose from the NGO community over the interim period. Most called for a new role for the SSNCC or similar governmental mechanism. Suggestions included that the annual membership renewal system be simplified and the time frame for renewal made more flexible, allowing geographically remote NGOs to legally renew membership without excessive hardship. Some suggested that the old SSNCC mechanism be converted into a training facility and resource center, where monitoring and establishing linkages between NGOs could freely take place. Most frequently, voices from the sector demanded that the government recognize NGOs as complementary development channels and cultivate a working partnership with them. This could be done by giving the sector a say in 5-Year Planning. Fiscal accountability was another important demand of whatever mechanism replaced the SSNCC, as accusations of corruption within it became widely accepted as fact.

Some wrote that the majority of NGO leaders and members believed that the government was still suspicious of the nongovernmental sector, despite the political reform process. Dr. Shambu Ram Simkhada wrote, "(Among NGOs), the fear of tight governmental surveillance and control is still prevalent"<sup>58</sup>. The question of how much control is appropriate for the government to wield became a burning issue.

### **Doubting Democracy: Notes of Caution**

Up to the present, democracy has proven neither instant nor easy for Nepal. Some argue that Panchayat years of have left Nepal's people dependent on central control and unable to govern themselves. Others argue that democracy is not instantly compatible with a caste-class-conscious society. Whatever the case, Nepal has obstacles to overcome before it can effectively use the tools of democracy; yet, sustaining and realizing democracy is a precondition for radical development changes.

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<sup>57</sup> Simkhada, Dr. Shambu Ram. "Beyond the Plathora of Popular Rhetoric". presented at the seminar, "The Role of NGOs in National Development". Kathmandu: 27-29 Feb, 1992.

<sup>58</sup> Ibid., p11

In Fatalism and Development, Dor Bahadur Bista cautions that democracy in Nepal must recognize the collective orientation of Nepal's people and the dependency on the center that Nepal's government has cultivated over long years of absolute rule. He cautions that the country's first attempt at democracy failed because of a lack of understanding, education, and literacy among Nepalis, and wonders whether Nepal's people are ready and able to keep this new democracy productive and functioning.

An immediate requirement is undisturbed effort at economic development and expansion of proper educational facilities. The country could not pick up any developmental momentum after Rana family rule because of a lack of genuine leadership and the predisposition of those in positions of authority to slip back into the old ways of doing things... The people have much to learn before a representative system can work properly, and in particular they need to learn to bear responsibility and work hard to develop skills and self-confidence for self-government.<sup>59</sup>

Bista asserts that Nepalis must learn to shoulder responsibility and reverse the cycle of fatalism which he claims has developed over years of totalitarian rule and out of various cultural factors. Both Seddon and Bista identify Nepal's complex social and cultural relationships as factors in development problems. They cite Nepal's unique cultural condition and the status of women in Nepal as aspects of this condition which hinder development. Nepal's primary challenge, though, in Bista's eyes, is to *transform the perception that change is the responsibility of the government*; after all, in true democracy, change belongs to and is initiated by the people themselves. Recent explosive growth of the NGO sector, perhaps, indicates that at least some of Nepal's population intends to initiate those changes sooner rather than later.

Interestingly, the opposite threat may also be emerging, in which NGOs are seen simply as the government's "backup crew", or, even further, as its incapable replacement. That is, if the government has failed to fix something, or is unwilling to do so, then an NGO should fix it ... but that NGO, like the government, is seen as an entity beyond the people themselves. As a case to illustrate this point, we can refer to a letter written to the Jan-Feb 1993 issue of Himal magazine<sup>60</sup>

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<sup>59</sup> Bista, p115.

<sup>60</sup> Armington, Stan. Letter to the Editor: "Himalayan Solutions for Himalayan Problems". Himal. vol 6, no 1: Jan-Feb 1993. p3.

which discusses Himalayan pollution problems and calls for responsible action:

Human waste is both an aesthetic and health problem. Probably the worst situation exists in Lobuje, right at the center of Sagarmatha National Park.... In an area of such heavy use, the National Park authorities must provide *and maintain* basic facilities including toilets. When I suggested this to an official of the Department of Forests, he suggested that an NGO be established to develop such facilities. This is a travesty of the National Park concept...<sup>61</sup>

Here the problem is clearly one of "passing the buck": It is essential that NGOs are not perceived, by government officials or the people, as some other entity willing to take on the responsibilities the government doesn't feel like fulfilling. The alternative vision sees the government *and* NGOs (people) sharing the workload; there's plenty to go around. A perception that change belongs to the people by the vehicle of nongovernmental work must be cultivated. Neither the government nor NGOs are capable of doing it alone. As Ghimire writes, "The irony is that the real proprietor of the NGOs - the common people and the communities - whom the NGOs are meant to belong to and serve - do not consider them as their own institutions..."<sup>62</sup>

Meanwhile, in light of national events, more and more people seem to argue that so far, Nepal's "democracy" is simply a new name for the same old game. As interdependent entities, the less than successful implementation of democratic reform thus far leaves the NGO community paralyzed. Also in Himal, scholar S.L. Mikesell made this assessment of democracy and NGOs:

For the purpose of catering to the most recent international funding priorities, the present local government law has been crafted to appear as if it encourages grassroots initiatives. Actually, all the machinery of the local government is manipulated back into the control of the center. True NGO activism is discouraged by bureaucratically determined constraints of registration. And some anthropologists have demonstrated that the recently passed labor laws are even more restrictive and anti-union than those of the Panchayat Period. Thus, the dominating tendencies of old continue to exert themselves at present, albeit in the guise of a new

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<sup>61</sup> Ibid.

<sup>62</sup> Ghimire, p18.

"democratic" legitimacy.<sup>63</sup>

The unrest and destruction which accompanied the protest strikes of June 1993 add fuel to the fire of those questioning Nepal's ability to nurture democracy. The rage and recklessness brought many to question just where democracy in Nepal is heading, and just what the term itself has come to mean since the Movement. Only time can tell if those in power are simply disguising the old ways with a new name in the interest of legitimacy. Similarly, time will tell if those expressing dissent, no matter how impassioned, will be able and willing to express it democratically and peacefully. If either fails, the result may closely resemble 1960, with hopes for new development directions and a strengthened NGO sector falling by the wayside.

Implementing democracy in Nepal will be no easy task, and there are countless arguments concerning the cultural compatibility of democracy in Nepal in the first place:

As a philosophy, democracy demanded reliance on individual political consciousness and a sense of responsibility on the part of each citizen to participate in deciding who should govern. As such, democracy was at odds in its essence with the basis of a traditional Hindu society. Hinduism stressed the caste, sub-caste or group over and above the individual. In a Hindu society merit came through fate rather than achievement. It was little wonder that some intellectuals in Kathmandu were wary of democracy as being another western imposition.<sup>64</sup>

Western imposition or not, the Nepali people have chosen to experiment, even if only for the time being; only the future can answer questions of cultural compatibility.

### **The Present Environment: Gradual Institutional Change**

There is marked disagreement over whether the current legislative climate is favorable for Nepal's NGOs. While the Eighth Plan, for instance, is supportive in print, and the new Social Welfare Council may be an improvement over the SSNCC, tangible action to accompany rhetoric is yet to be seen.

The aforementioned CECI study found that the acts and laws passed

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<sup>63</sup> Mikesell, S.L. "The Paradoxical Support of Nepal's Left for Comrade Gonzalo". Himal. Mar/April 93, p. 33.

<sup>64</sup> Raeper and Hoftun, p220.

recently by parliament generally strengthen the potential of NGOs and self-help organizations.<sup>65</sup> It identified some problems, such as with the Society Registration Act, in which the annual registration renewal policy is sustained, asserting that this will remain a problem for remote NGOs. NGOs must be registered in order to gain access to government resources. CECI observed that this policy limits the potentials of informal organizations on the small scale. Furthermore, the Village Development Act requires NGOs to enter into agreements with the Village Development Committees. It is unclear in this act whether this only applies to NGOs using the Village Development Committee's resources or not. While the Municipality Act allows NGOs to receive funding from municipal governments to implement projects, legal specifics are lacking and a clear interpretation of the bill is difficult to ascertain.

The Eighth Plan for Economic Development, the most recent plan issued by the National Planning Commission, was a major departure from other plans in content. While the Seventh Plan had limited the role of NGOs to social welfare, the Eighth Plan recommended that NGOs serve a role in the rural sector as well. The language of the Plan signified strong support for NGOs by HMG<sup>66</sup>. The Plan Approach Paper named sustainable economic growth and poverty alleviation as its two top priorities.<sup>67</sup>

The plan states that the government will define specific areas and sectors in which NGOs could contribute more effectively, based on their expertise and track record with rural populations. The plan states that regulations pertaining to the registration and organization of NGOs will be simplified, and that appropriate tax law modifications will enable a greater access of NGOs to public resources.<sup>68</sup>

Official support for the NGO sector, then, exists on paper; actions to support the Eighth Plan's words are still forthcoming.

Meanwhile, the NGO sector is growing by leaps and bounds: by 1991, 494 NGOs were registered with the SSNCC...in 1989-90 there had been 240<sup>69</sup>. At

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<sup>65</sup> CECI, pp9-12.

<sup>66</sup> Simkhada, p10.

<sup>67</sup> World Bank. World Bank Country Study Chapter IV, 1990. p12.

<sup>68</sup> CECI, p 9.

<sup>69</sup> Ibid.,p12

this writing, the number is over one thousand<sup>70</sup>. This explosive growth rate can be interpreted as both positive and negative: on one hand, it is evidence of enthusiasm, a desire for change, and a desire to be an affector of that change. However, the sector is suffering from sceptics who are seeing it abused by self-interested individuals. Since the pool of foreign funds received by Nepal is enormous, many see starting their own NGO as an opportunity to share the spoils. Just a few NGOs established in this spirit do considerable damage to the reputation of the entire community. As we will examine later, it is imperative that the integrity of the sector be maintained in this era of unprecedented growth.

### **A New SSNCC?: The Social Welfare Council Emerges**

On November 23, 1992, the Social Welfare Act of 1992 defined the new government body to replace the SSNCC. It was generally received as a discouragement to grassroots NGOs, since it established a technocratic council of the government with the mandate, character, and operation similar to the SSNCC<sup>71</sup>. Although the legislation terms it an "autonomous"<sup>72</sup> council, it has no real "one window", or independent, decision-making powers. All line ministries, and the National Planning Commission, through their representative members who sit on the Council, have a say in any decision, maintaining the SSNCC's legacy of a tedious, bureaucratic process. The Council itself includes only those nominated by HMG and representatives from the Ministries of Social Welfare; Home; Local Development; Finance; Health; Education and Culture<sup>73</sup>.

In November of 1992, the "NGO Newscan" reported,<sup>74</sup>

The Act is a triumph for the protagonists of the structural school who have in the past advocated a council that controls in the name of coordination, over the protagonists of grassroots NGOs who were advocating more voices in areas such as community organization, community spirit, and sustainable efforts towards their local development.

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<sup>70</sup> 1,199 as confirmed by the SWC, by verbal communication, in June of 1993.

<sup>71</sup> NGO Newscan. Nov 1992. Issue 3. Kathmandu: SEARCH, 1992. p.1.

<sup>72</sup> Social Welfare Act, 1992. Issued by the Ministry of Law, Justice, and Public Affairs, Kathmandu, Nov 23, 1992. Nepal Rajapatra, Vol 42, no39 (E), Kartik 17, 2049. Point 6.1.

<sup>73</sup> Social Welfare Act, 1992. Point 5.2 describes the membership of the Council.

<sup>74</sup> *Ibid*, p2.

The Act empowers the Council to dissolve an NGO if it does not adhere to the NGO's own constitution; no legal recourse, however, is provided in the event of arbitrary action by the SWC.<sup>75</sup>

Obtaining development funds requires an application to the council, explaining the particulars of the project for which funds are sought. There is a provision, however, for more expedient assistance to be granted in the event that the total funds needed does not exceed Rs. 200,000.<sup>76</sup> On a positive note, the Act explicitly states that upon receipt of an application for funds, the Council must act within 45 days<sup>77</sup>. This provision means hope for a more efficient process, since under SSNCC a ruling could take many months - even years - to materialize.

The CECI study makes this additional observation:

The Social Welfare Act...empowers His Majesty's government to undertake numerous activities as "special programmes". It remains unclear as to whether the government intends to implement these programmes on its own, through the SWC, or through various NGOs. Thus, there is a risk that the SWC may become a competing agency to NGOs.<sup>78</sup>

Ghimire criticizes several aspects of the Act, among them Article 9:

As per Article 9, in order to render its social welfare activities effectively, the Council has been given the following rights relating to social organizations: assistance, coordination, follow-up, supervision, assessment, establishment, development, promotion, consolidation, policy formulation, drawing up of programmes, setting up and operation of funds, audit and information center, training, study, research, physical tests, agreement with donors, organizing help and financial management. What remains after that? If the Council is to properly discharge such functions, it would need at least a ten-fold increase in funds, [labor], and professional efficiency. The question is: do all the above functions fall within the ambit of the Council's role and confidence?<sup>79</sup>

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<sup>75</sup> Social Welfare Act, 1992. Point 20 describes the right of an NGO to submit explanations to defend itself against accusations, but only *before* a suspension or dissolution ruling by the Council. After the fact, no recourse exists.

<sup>76</sup> Social Welfare Act, 1992. Point 16.1

<sup>77</sup> Social Welfare Act, 1992. Point 16.2.

<sup>78</sup> CECI, p11.

<sup>79</sup> Ghimire, p11.

Only the future can tell what sort of real difference the new SWC will make. At this point, speculation and questioning are the only real options. There have been recent efforts to ascertain the attitude of the new Council, among these was an interview conducted by NGO Newscan, a magazine compiled by SEARCH in Kathmandu. The interview was conducted in March, 1993, with Mr. Birendra Bhakta Shrestha, Vice Chairman of the Social Welfare Council. Shrestha's responses stressed the importance of a governmental coordinating mechanism, but he also expressed concern that the SWC and the NGO sector cultivate a working partnership. "We are determined to remove the crisis of mutual suspicion that has existed in the past", he said. Yet, when questioned about the exclusively HMG-appointed personnel of the council, he responded that the SWC is a coordinating body, "...not their [NGOs'] representative body"<sup>80</sup>.

Also in an interview with Newscan, National Planning Commission member Bal Gopal Baidya offered his commentary on the SWC. Baidya stressed his personal trust and confidence in the members of the new Council, saying, "I think the people at the head are a different breed (from those on the SSNCC), well-suited to it and well qualified. So I have trust that they will be projecting a different image with SWC than had been the case before."<sup>81</sup> He was adamant that the Council's primary purpose is not to control, but to unify the government and the NGO sector.

Both Shrestha and Baidya stressed that the SWC is different from its predecessor; the future will tell just *how* different. In their respective interviews, both men stressed that they and their governmental bodies are open to suggestions, feedback, and participation from NGOs themselves. "I will be the first to admit that there are still areas in which improvements are needed", Baidya said.<sup>82</sup>

There is no denying that the SWC wields significant power and can, if it so desires, affect the effectiveness and growth of any Nepali NGO. Through casual conversation with NGO workers, I have encountered several complaints. In one example, the SWC refused a request by a long-established, social activist NGO

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<sup>80</sup> These excerpts are taken from the printed report of an interview with Mr Birendra Bhakta Shrestha in "Conversation". NGO Newscan, Issue no. 4, March/April 1993. p4

<sup>81</sup> From an interview with Bal Gopal Baidya, in Rademacher, Anne. "Words and Deeds: Acting on the Eighth Plan". NGO Newscan. Issue no.5, July/August 1993. p3

<sup>82</sup> Ibid.

for a long-term foreign volunteer; its workers speculate that this poorly rationalized ruling was directly connected to the government's disfavor with the NGO's goals and operations. The most vocal, and perhaps the most action-oriented of Nepal's NGOs, then, can still suffer as the SWC honors the will - and political grudges - of the government in power.

### **Focusing the Energy**

In his article entitled, "Hardly a Catalyst", Rishikesh Shah sharply criticizes the massive intervention of foreign aid in Nepal, and asserts what he views as a direct result: Nepalis have been driven further into poverty. Exploring the problems encountered through Nepal's history of development, Shah concludes that the only way Nepal will begin to develop sustainably and successfully is if it can learn to take development initiative.

[Nepal] must formulate plans and project documents and put its requests on the table for the government to respond to. It will no longer be acceptable to jump at every carrot dangled by every donor. By learning to work out an optimum foreign aid packet, benefitting Nepali dignity, culture, economy, and, above all, Nepali needs, we might be able to regain some of our lost pride as a nation. Also, when that day arrives, foreign aid's role becomes truly supportive and catalytic.<sup>83</sup>

A strong NGO sector can help Nepal take this initiative. In their developed ideal, NGOs are good managers of aid who can help to eliminate the miles of bureaucratic tape and money wasted along the way. By nature, NGOs cultivate self-confidence and pride. They give Nepalis control of themselves - something that up to now the aid community has failed, on the large scale, to do.

The interrelationship between the NGO sector in Nepal and its infant democracy is easily seen. The failure of one equals the sure demise of the other. Yet, both share a dramatic potential to reverse the failures of the past and bring about a true change. Both also share equally dramatic obstacles to success.

The People's Movement and the explosive growth of the NGO sector since democracy demonstrate an energy among the Nepalese people that, if properly nurtured, can be focused into action. These people-powered movements indicate that fatalism is not binding, and despite whatever cultural or historical obstacles

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<sup>83</sup> Shah, Rishi. "Hardly a Catalyst...". Himal. March/April, 1992. p26.

scholars might point to, Nepalis themselves are both willing and able to affect their futures.

It may be argued, of course, that both the democratic movement and NGO growth are primarily urban phenomena. There is no denying that levels of education and exposure to different ideas are higher in Kathmandu. It is a challenge, then, for Nepal's urbanites to facilitate a sharing of knowledge and literacy throughout the country, since the real, and in many ways, most needy, majority resides in rural areas. For democracy and NGOs to formulate a partnership, they require the cooperation of both sectors -urban and rural- and a mutual understanding and respect for the position of the other.

Democracy is at a crucial point in Nepal, its first years having been rocky and not particularly satisfactory to the average Nepali<sup>84</sup>. NGOs are growing at an alarming rate, a pace which prevents real scrutiny of just what the community is becoming. The issue of maintaining credibility is primary for both the new government and the NGO sector. Both NGOs and democracy will require skill and knowledge to sustain themselves. They will also require patience and self-monitoring.

At present, both the NGO sector and the government are suffering from a lack of public trust. A recent issue of The Independent printed the results of a survey which found that 43.53% of respondents named "Corruption" as the most important hindrance to the nation's development.<sup>85</sup> Since both democracy and socioeconomic development are ideally vehicles for self-determination, it is critical that the people see these institutions as legitimate and genuine. The results of this poll indicate that a significant portion of the people agree with those who assert that the new government is simply the same old thing, albeit wearing a new mask.

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<sup>84</sup> According to Nepal Rastra Bank Bulletin, recent inflation figures: 1989/90: 11.5%; 1990/91: 9.8%; 1991/92: 21%. Figures for 1992/93 were unavailable at writing time.

<sup>85</sup> Political Bureau. "Tanakpur Continues to Tantalize". The Independent. Vol. III, no. 17: June 16-22, 1993. p.1. While perhaps not an entirely scientific survey, the findings give an idea of the extent to which corruption is perceived as rampant.

### III. Major Issues Facing Nepal's NGO Community

NGOs in Nepal are at a definite crossroads. Decisions and directions embarked upon at this early stage in the sector's development will have sweeping implications for the future. In the following section we will examine the issues raised most often and most fervently within the NGO community since the People's Movement, and various opinions on these issues expressed through articles, papers and seminars. These topics provide an insight into the present state of the sector, as well as its ability to engage in constructive debate. Governmental factors aside, NGOs in Nepal must learn to interrelate in order to truly realize their aspirations, depending on one another as a unified force when necessary.

#### Who Are We?

Just what does it mean to be an "NGO" in Nepal? One can find countless different answers to this simple question of identity. A quite broad definition was offered on a global scale by the World Bank in 1989:

NGOs are a variety of institutions that are entirely or largely independent of governments and characterized primarily by humanitarian or cooperative, rather than commercial, objectives.<sup>86</sup>

The Nepali definition can sometimes be quite different. In a 1992 seminar, Dr. Harka Gurung described the sector in Nepal as "...an amorphous mass with divergent philosophy, scope, and resource".<sup>87</sup> Ghimire writes that definitions vary:

Government officials consider NGOs to be illegal claimants to their monopoly on corruption and therefore criticize them. Business people view NGOs as fashionable, modern industries where without investment or risk high profits can be made. For the general public, social organizations are considered as another government office or a playground for the shrewd,

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<sup>86</sup>World Bank. Involving NGOs in Bank Supported Activities.(Operational Directive), OD 14.70, p1-6, 1989.

<sup>87</sup>Gurung, Harka. "Prospects for NGO Involvement in Development". presented at the seminar, "The Role of NGOs in National Development". Kathmandu: 27-29 Feb.,1992.

powerful, rich urban folk. For intellectuals, they are no more than begging bowls.<sup>88</sup>

Throughout the community there are pleas for a clear definition of just what it means to be an NGO, since those organizations presently labeling themselves as such differ considerably in their objectives. Some are profit-oriented, others development-oriented, and still others are closely linked to political organizations and parties.

Dr. Tika Pokharel, in an article entitled, "NGOs and the Government: Some Observations in Nepal", states that "true NGOs" should be development oriented, politically neutral, nonprofit, and "democratic in character". Others add words like "autonomous", "neutral in religious context", and "community-based" to their definitions<sup>89</sup>. Chand defines NGOs as a catalyst between government and community which can serve as an alternative to government intervention and provide cost-effective and flexible services. For him, they are a departure from the bureaucracy that slows down and allows corruption in the governmental apparatus. Issues such as religious "neutrality" and profit motive currently divide Nepali NGOs, so that the final reality is that in Nepal there is no single definition of "nongovernmental organization". Anyone can claim the title and define it for themselves.

Despite the differing perspectives and opinions, there are some generally accepted criteria for legitimate NGOs and an accepted classification for them. They are broken into the INGO (International Nongovernmental Organization), the NNGO (National NGO) and the Grassroots or Self-Help Groups. The INGO is just that: an international nonprofit organization. CARE International or the United Mission to Nepal are examples. The NNGO covers all Nepali NGOs, while the grassroots groups are comprised of people living within local communities whose goal is to stimulate development on a local scale.

Perhaps the trickiest of these three classifications is the grassroots group. While many claim that grassroots groups abound in Nepal and have existed, unlabeled, for centuries, few have gone so far as to actually identify them, verify their existence, and most importantly, assess their potential.

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<sup>88</sup> Ghimire, p17.

<sup>89</sup> The first two phrases taken from Simkhada, Dr. Shambu Ram. "NGOs in Democracy: Beyond the Plethora of Popular Rhetoric"; the third from Chand, Diwaker. Development Through NGOs in Nepal.

The UMN, in one such effort, estimates the number of SHGs (self-help groups) to be over 1000 in Nepal<sup>90</sup>. They explain that SHGs are formed on a traditional cooperative basis to organize savings and credit schemes and contribute labor in farm production on a cooperative basis. SHGs carry out development activities by mobilizing resources within a community. Bongartz, however, warns that self-help organizations are particularly subject to exploitation, often used by the better-off members of a community to benefit themselves<sup>92</sup>. His work is skeptical of the proclaimed potential of SHGs.

Self-helps are not the only targets of skepticism; the so-called "professional NGOs" are also under scrutiny. These are NNGOs whose base of operation is Kathmandu and whose primary activity is "action research". While the rather amorphous self-help groups are seen as the most potentially sustainable link in the development chain, professional NGOs, the best organized and certainly best funded of the NNGOs, are sometimes criticized as the least sustainable and most isolated from the heart of the poverty problem. Chand is particularly critical of the professional, action-research oriented NGO, saying, "An institution like this, in spite of all its desire and zeal, will not be in a position to deliver services as effectively as social service NGOs". He calls them "too expensive and impermanent"<sup>93</sup>.

Constructive criticism is healthy; but a lack of identity is not. While NGOs differ in their goals and methods, they must be able to come together to protect their very existence, however diverse, when the need arises. A clear definition of "NGO" in Nepal is an essential precursor to unified action and a maintenance of credibility.

### **Maintaining Face**

The number of NGOs officially registered with the Social Welfare Council in May 1990 (then the SSNCC) was a mere 220, a fraction of the latest number, 1210, in mid-July of 1993.<sup>94</sup> Meanwhile, the number of NGOs registered with the CDOs reached more than 2000 in 1993. With the ranks swelling, it is difficult, if not impossible, to get a clear picture of the intentions and performance of every

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<sup>90</sup> UMN, p20.

<sup>92</sup> Bongartz, pp15-17

<sup>93</sup> Chand, p83

<sup>94</sup> By verbal communication with R. Joshi, Director of the Social Welfare Council. July 15, 1993.

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.

The much-cited CECI Report warned that "many newly-registered (post democracy) urban-based organizations have emerged for opportunistic, self-interested motives, and cannot be treated as development organizations"<sup>95</sup>. This is particularly problematic among newly-registered professional NGOs. An INGO representative recently remarked casually that in her estimation, the newly-emerging NGOs in Nepal are split: only 50% are legitimate and the other half, clearly, are not. Simkhada reports that new, opportunistic NGOs are absorbing development funds without delivering genuine development activities.

CECI identifies other threats to credibility: the tendency of NGOs to be fully controlled by one person; a concentration of NGOs in accessible areas rather than areas of need; a lack of NGO autonomy (alignment with donor's priorities); and a lack of a shared vision and code of ethics. Another threat to NGO credibility is that a number of local NGOs are party-aligned. Politicians have started to misuse the sector by creating NGOs along political lines, exclusively for party gain. All of these factors contribute to an overall disorder within a rapidly expanding sector, a disorder that only creates more obstacles for NGOs themselves.

There is also no integrated mechanism among NGOs for financial accountability, which can most certainly lead to suspicion between official entities and NGOs. Recall the cries of criticism to the SSNCC indicting its lack of financial transparency... the NGO sector isn't doing much better. In a study reviewing some of the democratization projects carried out by NGOs just prior to the 1991 elections, the Human Resource Development Center reported that none of the NGOs studied had a defined accounting policy and procedure. Well-defined financial rules and regulations were nonexistent and an accounting routine was not made on a daily basis<sup>96</sup>. The NGOs the Center studied were among Kathmandu's finest, yet none kept acceptable records. Until this situation changes, there is too much room for suspicion.

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<sup>95</sup> CECI, 3.6.3.

<sup>96</sup> Human Resource Development Center, Kathmandu. "A Review of NGOs Involved in Democratization Activities" Kathmandu, pp27-33.

The issue of NGO profit is as yet unresolved. Many argue that an NGO should be permitted to strive to turn a profit if the surplus is then reinvested back into the organization. A profit funnelled back into an organization could assist its efforts at becoming sustainable, helping it to meet its objectives. What NGOs must not practice is the private-sector-like appropriation of dividends. Proponents of this view argue that NGOs in Nepal are nowhere near a state of readiness to be self-sufficient. While sustainability is an intellectual, guiding goal, it is impractical and irresponsible to expect instant independence. They ask: if Nepal itself is far from self-sufficiency, how can its NGOs be close to it?

Perhaps above all, there is the rather abstract issue of *image*. What sort of collective perception of NGOs and their usefulness is being cultivated in the minds of the people and the government? After all, without an overall trust in the usefulness and validity of the sector, how can it possibly become strengthened?

An interview with Bal Gopal Baidya of the National Planning Commission, conducted by the editors of NGO Newscan magazine provides some insight into the current governmental perception of its nongovernmental counterparts. Baidya repeatedly cited a lack of trust of the NGO sector as a major stumbling point for government-NGO relations. Stating that, "NGOs have to be very careful about what they do, how they are perceived, what kind of image they project...", Baidya discussed the perception that many NGOs are simply in it for themselves:

...there is a kind of feeling that NGOs benefit themselves more than they are benefitting the {disadvantaged } groups. ... Definitely there is this kind of mistrust that NGOs are there for themselves. ... Too many (NGO executives) end up ...in the 5 - star hotels; there are very few examples of NGOs really working in the field. And you know, if { this mistrust } is too much of a feeling, then it will jeopardize the relationship as partners that we are trying to foster.<sup>97</sup>

Just what sort of work NGOs should be doing is another point of contention. Baidya asserted that too many NGOs are busy conducting seminars and the popular perception is that not enough NGOs are actually doing rural development work.

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<sup>97</sup> Interview with Mr. Bal Gopal Baidya, National Planning Commission. June 15, 1993.

...The NGOs would be helping themselves if they could be more oriented to rural actions rather than spending their lives (in Kathmandu). What (the government and the public) really see are the seminars. I think NGOs have to balance their activities: how much advocacy, how much activity, how much grassroots work and so forth. That would be the way to change the views that the decision-makers have in their minds right now.<sup>98</sup>

Baidya's call for a balance of NGO activities was echoed by the Prime Minister himself. Quoted in NGO Newscan, PM G.P. Koirala, "...out of sheer frustration in having to inaugurate so many (NGO) seminars, uttered, '...it would be better for NGOs to spend their resources on a drinking water system in a village than in such talkshops...'"<sup>99</sup> The image is clearly one of "lots of talk...how much action?".

Mikesell's aforementioned article is also skeptical of NGO legitimacy, but in a fashion sharply critical of the state of democracy itself. Presupposing that the current government is simply Panchayat under another guise, he writes:

The international development agencies in their latest slogan-raising and report-writing have exhibited support for grassroots activism through nongovernmental initiatives. But the tendency of these agencies to work through the educationally certified English-speaking group co-opts this potential class of organizers with high salaries and perks. It removes them from sharing the difficult conditions and working alongside the oppressed. Consequently, most of the funding for grassroots initiatives goes to developing this class into yet a new burden on the countryside, further subverting the position of the people it is to help.<sup>100</sup>

Mikesell links his observations to the evolution of what he terms a "political void", a situation in which the people have no active connection with their government. The political violence and strikes in the summer of 1993 and general unrest since the People's Movement add fuel to his assertion. In his estimation, grassroots NGOs are doing work quite different from that which this book ideally describes; rather than cultivating "people power", they are simply intensifying the burden on the poor of Nepal and contributing to the political alienation which leads to serious unrest.

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<sup>98</sup> Ibid

<sup>99</sup> NGO Newscan, a publication of SEARCH. Issue 4: March-April 1993, p1.

<sup>100</sup> Mikesell, p33.

It is critical to address these issues of credibility. Without the *earned* trust of the people, NGOs lose all of their potential power to transform.

### Unity or Like-Minded Factions?

The role of a national NGO federation is almost intuitive: a unified voice for the NGO sector would safeguard its interests, integrity, and autonomy. A federation could act as a pressure group to influence national policies as well as prevent government intrusions. A code of ethics and clear NGO definition could be established through such a federation and therefore maintain the community's credibility. Within the federation, NGOs could learn to work together, forming valuable linkages and project coordination.<sup>101</sup>

If anything, however, the unified groups which have formed in Nepal are divided. While it could be argued that different interests facilitate different cleavages, the federations which have formed in Nepal are also trying to counter one another. They are sometimes fueled by professional jealousies or a fear of exclusion<sup>102</sup>. Such a situation, ironically, makes the NGO sector look like a group of feuding political parties!

There seems, however, to be a sharp ideological divide within the "amorphous mass" that is Nepal's NGO community which may, in fact, prove to be an insurmountable barrier to an ultimate single unity. There is an understood distinction between the "social service" NGO and the "social activist" NGO. The former works with the establishment and performs service delivery functions, while the activist breed may or *may not* work alongside the government. The "social activist" NGO is guided by alternative development models, visions of the future which may include a drastic change in the established order. They often oppose government policy, particularly with regard to issues of distributive justice, sustainable development practices, environmental issues and human rights. These two entities, then, may have real trouble unifying, as one works from the inside-out while the other does the opposite. Then, even within the two entities there are differences which seem to prevent cooperation.

Yet, the problem of "maintaining face" remains: a divided sector is inevitably weaker. Bal Gopal Baidya commented on the potential usefulness of NGO

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<sup>101</sup> These points are laid out by Dr. Jyoti Thuladhar.

<sup>102</sup> From an informal interview with Deepak Tamang, of SEARCH.

federations in NGO-government relations:

...Previously NGO federations were taken as a threat, but now we are saying it's a very useful forum that provides a much better way of communicating our differences or problems...for sorting them out.<sup>103</sup>

At this writing there are at least five separate federations in existence: among these are the NGO Coalition/Nepal, the NGO Federation - Nepal, and the National Federation of Nepali NGOs. While these groups may develop the capability to serve the purposes discussed above, the credibility of the sector as a whole is perhaps damaged by the fragmented picture that maintaining separate organizations paints. Perhaps, however, overall unity, given the vast size of the community and its diverse missions and experiences, is a romantic and simplistic ideal.

Among the emerging NGO federations, the NGO Federation - Nepal has proven the most diligent and successful to date. Established following a seminar in June of 1991, the federation is currently 200 NGOs (at both national and district levels) strong and has established international affiliations. Members must meet strict criteria to join and abide by a code of conduct which requires transparency and participatory management practices, and prohibits political or religious affiliation<sup>104</sup>. The mission of the federation is stated in three parts: 1. Advocacy to safeguard NGO autonomy and build a positive image of NGOs., 2. To improve grassroots management capacity., and 3. To link NGOs to one another, at both the district and national levels. The federation seeks to include as many district level NGOs as possible, thus providing the essential "local link" to national NGOs described earlier. The group has also published literature which discusses recent NGO policy in Nepal and the reactions of federation members to legislative changes.<sup>105</sup>

Similarly, the National Federation of Nepali NGOs (NFNN) was established in September of 1991, following the National NGO Conference. Although a constitution was ratified following the establishment of the alliance, NNFN has

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<sup>103</sup> Interview with Bal Gopal Baidya, June 15, 1993.

<sup>104</sup> Refer to the "Code of Conduct". NGO Federation - Nepal. (Mr. Jagdish Ghimire, Chairman. PO Box 7768, Kathmandu). The language of the Code of Conduct prohibits "proselitization", not necessarily a religious background or motive.

<sup>105</sup> Refer to Ghimire, Jagdish, Narahan Acharya, et al. NGO Policy of Nepal: A Study. Kathmandu: NGO Federation of Nepal, no pub. date.

been largely inactive. A 21-member ad hoc committee was established at the 1991 conference, but few steps seem to have been taken to solidify the group and bring it to function. The most recent development within this coalition was that a group of community based NGOs within (NFNN) have come together to form a practical alliance for policy research and review, training, coordination and cooperation especially in the field of rural development. This alliance has a membership of over 20 NGOs who have shown commitment and willingness to come together and solidfy their cooperation. This emerging alliance has linkages with the UN, especially with the Rio Summit and its aftermath. It has developed pan Asian consortium for training of senior NGO managers with *institutions of excellence* in the region.

The very idea of NGO alliances is still new; only time will reveal a unified or somewhat disjointed community. What is beyond doubt or debate is the fact that cooperation has manifold advantages for NGOs as they pursue their objectives in Nepal's development.

### Striving for Neutrality

To return for a moment to the open-ended definition of NGOs, consider the point of religious neutrality. While some argue that all legitimate NGOs must be both politically and religiously neutral, religion-affiliated NGOs offer a different perspective.

The United Mission to Nepal, a Christian-supported INGO with a long history of development work in Nepal, asserts that a primary advantage to the NGO sector is that its people are often motivated and committed to their work. This commitment to serve, they argue, is more important than religious affiliation<sup>106</sup>. Others go so far as to say that the primary motivation behind committed service *is* religious. David Walker writes, "...To the extent that NGOs lose sight of their spiritual roots they will lose their edge in their ability to transform society"<sup>107</sup>.

Korten has this to say:

Unjust structures are the creation of people and are the products of greed

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<sup>106</sup> "The United Mission to Nepal: Reintroducing an Old Friend" UMN presented at the seminar, "The Role of NGOs in National Development" Kathmandu: 27-29 Feb, 1992.

<sup>107</sup> Walker, David. in response paper to "NGOs in Democracy: Beyond the Plethora of Popular Rhetoric". presented at the seminar, 27-29 Feb, 1992.

and egotism that are deeply embedded in human nature. The human spirit must be strengthened to the point that greed and egoism play a less-dominant role. This is perhaps the most central of religious missions...<sup>108</sup>

The question of religious motivation remains a point of debate. If development work is inherently political, in that it strives to empower those whom it reaches, is it also inherently spiritual work? Is it essential, just as we require that no single political label be affixed to poverty alleviation, that we require that no single religious label be affixed?

A call for political neutrality is also often heard, and presents another sticky point. As we explored earlier, NGOs are themselves inherently political groups whose directive is empowerment. Panday wrote that NGOs tend to be anti-establishment, not by choice, but by their very objectives. They are generated out of a lack of confidence in the state machinery to supply basic needs. <sup>109</sup> From this perspective, NGOs are inherently "political" organizations.

It is impossible to depoliticize these tools to amplify people's voices and to enable them to help themselves, particularly those organizations which belong to the "social activist" breed of NGOs discussed earlier. It is possible, however, to object to the use of an NGO for personal political gain. Parties which establish NGOs for the purpose of enhancing their electability are misusing the institution. There seems to be little disagreement on this point. Defining exactly *when* an NGO is being politically misused in the real world is somewhat more problematic.

Another issue is the compatibility of the very notion of an NGO with different political ideologies competing for power in Nepal. Among some of Nepal's Left parties, for instance, there is doubt about the ultimate need for NGOs. The existence of NGOs is considered symptomatic of weaknesses within the state apparatus, which for communists is ideally responsible for meeting the needs of the people. If the government is strengthened, it is argued, then the need for NGOs will disappear. Dr. Babu Ram Bhattraai asserts:

I doubt there has been any impact by NGOs in Nepal. A relationship of dependency has, however, been created between local communities and the International Donors. ... If we can find a solution whereby the government

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<sup>108</sup> Korten, p168.

<sup>109</sup> Panday, Dr. Devendra Raj. "Development: NGOs at the Grassroots". The Rising Nepal: Jan 22, 1993

becomes responsive to the needs of the people then there will be a lesser or no role for NGOs...NGOs have emerged since the Second World War, when colonialism was dismantled and the superpowers of the West needed to penetrate Third World governments. This was the origin of modern NGOs.<sup>110</sup>

This perception of NGOs and their role is quite different from the more centrist parties. At the same time, there is no single "Left" perception of NGOs. Padma Ratna Tuladhar writes:

...Within Marxist groups there are divided opinions. Within the communists in Nepal, and I speak for the seven groups of the Left Front, we believe that both private sectors and NGOs have a complementary role to play. This is because economic and social structures are not yet ready to change into the new society that the Left has envisaged... Even the Left feels that the government must recognize the importance of NGOs and the role they can play...<sup>111</sup>

On the other end of the spectrum, the party currently in power - the Nepali Congress - seems to support NGOs and a broader role for them in development...at least rhetorically. The legislative changes which have occurred under the Nepali Congress have yet to prove that they are indeed advantageous to Nepali NGOs. Hence, the question remains open. Unlike Left parties, however, the NC rarely verbally opposes NGOs and their cause.

It can be argued, then, that NGOs face a political battle of their own, a battle for their very existence. The issue of an NGO remaining politically neutral in an environment which could potentially dissolve it (from either end of the political spectrum) is most certainly complex, and unresolved.

### **Self-Help Groups: How Capable?**

We return again to the issue of self-help groups. Recall that the SHG is seen as the last, most important, and most sustainable link in the development chain discussed earlier. There is considerable debate, however, about the real abilities and details of this rather ill-defined group.

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<sup>110</sup> Bhattarai, Dr. Babu Ram. in Change and Challenge. p7,8. Bhattarai is a member of the United People's Front.

<sup>111</sup> Tuladhar, Padma Ratna. in Change and Challenge. p48. Tuladhar is a populist leader from Kathmandu, a Newari language activist, and independent member of the United Left Front.

The self-help group theoretically exists at the grassroots level in Nepal. It is characterized by voluntary membership and participatory planning. In the chain of NGOs, it is expected that "...once a wide base of local self-help organizations is developed, the need for facilitator NGOs will be diminished"<sup>112</sup>. That means that our goal, when all is said and done, is to see development operating at the local level, independently and capably.

Some claim that self-help organizations exist in abundance in Nepal and have a strong capacity to mobilize local resources combined with their obvious close proximity to beneficiaries. Yet this is not universally agreed upon. Bongartz, for instance, claims that

The rural poor do not have their own organizations which can become the direct counterparts of the promotion agencies at the village level. Widely influenced by the socio-political background, which remains paternalistic/hierarchical, most village organizations are dominated by the local, better-off sections of rural communities.<sup>113</sup>

While some are ready to implement the new chain of NGO associations, others argue that the most important and most sustainable link is not yet capable of assuming its role. Bongartz claims, "Self-help promoting organizations do not yet have sufficient knowledge and information on the needs of the rural poor"<sup>114</sup>. Clearly, more information is needed in order to ascertain the capability of the grassroots sector.

### The Record Thus Far

And what about performance potentials? If an outsider were to rely strictly on the press to get an idea of the effectiveness of NGOs in Nepal, they may be easily convinced that NGOs are one big facade for greedy Nepalis. An article in the March/April 1992 edition of Himal stated:

Nepali NGOs have served mainly as conduits to siphon off readily available money from the donor agencies' accounts into their own, to spend on projects of dubious value. Most of these organizations cluster around Kathmandu and have for the past decade concentrated on organizing talk

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<sup>112</sup> CECI, p15.

<sup>113</sup> Bongartz, p18.

<sup>114</sup> Bongartz. p18.

festivals. ... Money is spent, projects are completed, and little is achieved<sup>115</sup>.

The author of the article conducted a study of "Women in Development NGOs", from which she concluded, "[These] NGOs were overwhelmingly mismanaged, directionless and personality-based, lacking both in vision and cooperative spirit. The leadership was either uncommitted or incapable"<sup>116</sup>. The article relates the not-so-uncommon perception of Nepali NGOs as incompetent groups looking to cash in on the "easy money" provided in such massive quantities by bi- and multilateral aid organizations.

Another study, published in December of 1992 by the Human Resource Development Center of Kathmandu, revealed some dismal prospects. The study concentrated on democratization activities carried out by NGOs in anticipation of the coming election of 1991. It reviewed the four main recipients of donor funds for the purpose of democratization activities: Informal Sector Service Center (INSEC); Society for Constitutional and Parliamentary Exercise(SCOPE); Nepal Law Society; Society for Legal and Environmental Analysis (LEADERS); and Service Extension and Action Research for Communities in the Hills (SEARCH).

The study concluded simply that the organizations' stated goals were not met, leading them to observe that "there are a number of barriers in the way of these NGOs in reaching target groups". The study asserted that the most important barrier was that the groups were urban-based, without local chapters or local networks for reaching their rural target groups. It also observed that the organizational capacities of these NGOs were quite limited, particularly in the area of financial management.

While the study did not label any of the projects a total failure, its criticisms lead one to think twice before assuming the capabilities of any of Nepal's NGOs. The observations are a good argument for the cause of improving the NGO sector through training and linkage, rather than continuing to overflow it with newer and newer NGOs.

It would be unfair, however, to fail to mention the reaction of the NGOs

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<sup>115</sup> Aryal, Manisha. "Women in Development: What's in it for Me?". *Himal*. Vol. 2, No. 5: March/April 1992, p24.

<sup>116</sup> *Ibid.*, p25.

observed for the HURDEC study when the final report was issued. Many of the organizations vehemently protested the findings and questioned the quality of the methods of research which led to them. Deepak Tamang, executive director of SEARCH, called the HURDEC findings "substandard", saying that "facts (had) been distorted"<sup>117</sup>. His written response to the study cited several instances in which contradictory "facts" were stated and questioned the methodology which led to flimsy conclusions. The Danish Aid (DANIDA), subsequently assured the NGOs in question that this report would be revised adequately and a more *specific scope of work* prepared for another study to look into the question of financial management for NGOs funded by it.

It would be unwise, then, to rely on the HURDEC report as our soul indicator of the record thus far. Perhaps the real situation is somewhere between the extremes. What is clear, however, is that no one claims that NGOs in Nepal operate flawlessly, and most believe they have a great deal of improving to do. One area of real weakness is in their overall self-management; the second section of this work attempts to define this problem and map out some solutions.

Still, Aryal's article offers this conclusion:

Those who would run Nepali NGOs, and not just Women in Development NGOs, must thoroughly search their souls. Do they feel fulfilled that their unprofessionally run organizations continue to appease the donor, fool the public, and make a mockery of voluntarism?<sup>118</sup>

Surely "making a mockery of voluntarism" is not the goal. It is imperative that NGOs take responsibility for improving their performance, and, as we have repeatedly stated, reclaiming their credibility.

NGOs themselves, in their defence, argue that they are often distracted by their constant quest for survival: living from grant to grant distracts workers from their real purpose, taking action. Many argue that if they could achieve sustained support over a long period of time, NGOs could concentrate more on programmes and less on proposal-writing and glossy image-making. In this realm the international donors and their evolving link to NGOs can provide assistance. As it stands at present, however, INGOs seem hesitant to commit to such sustained support, for the reasons explored above. The situation is double-

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<sup>117</sup> Tamang, Deepak. Response to the HURDEC Report.

<sup>118</sup> Aryal, p25.

edged: INGOs wish to fund capable NGOs while NGOs cry for the support which would allow them to prove and develop their capabilities.

The following chapters try to examine the problem of NGO incompetence and prospects for improvement in depth.

### **Looking Backward, Moving Forward: Conclusion**

Reflecting on the past and looking toward the future bring an urgency to the present. Nongovernmental organizations in Nepal must act now: the growing responsibilities of the sector demand capability and effective performance. The issues we have explored, such as credibility and identity, must be resolved so that the NGO community in Nepal can get on with the pressing tasks ahead. The capabilities of NGOs at both the national and the self-help level must be assessed and strengthened while links between different groups are established.

Nongovernmental organizations and Nepal's new democracy are interdependent. An effective democracy depends on an informed electorate capable of assuming responsibility for its government; NGOs can nurture this capability and articulate the needs of marginalized groups. Effective NGOs, in turn, rely on the freedoms assured by a democratic government which respects the political and human rights of its citizens.

Like a democratic transition, however, and perhaps particularly in the case of Nepal, a transformation of development policies and direction is by no means instantaneous. It is the responsibility of all citizens to sustain the momentum of change while realizing that authentic change - be it cultural, political, or economic- is gradual. Some argue that authentic political change in Nepal will be especially slow because of a cultural legacy of dependence on central authority and a tradition of serious corruption. While history surely leaves its mark, the People's Movement and the post-democracy expansion of the NGO sector illustrate the enthusiasm of Nepal's people to affect their *own* future. So does the unrest which has plagued the nation since the Movement, sometimes resulting in critical situations.

Following the democratic movement, enthusiastic voices from the NGO community were raised, expressing their ideas about how to make development in Nepal a more sustainable, just, and successful endeavor. Many criticized the SSNCC and accused the Panchayat Government of creating obstacles instead of facilitating real socioeconomic development. At this writing, we are in an era of

legislative changes, the results of which we have yet to observe. The new Social Welfare Council may be an improvement over the old SSNCC; the supportive wording of the Eighth Five Year Plan may turn into action. There is potential for the alleviation of decades of mistrust between the government and the NGO sector. It is our hope that government surveillance and control will give way to trust and cooperation, while the NGO sector works to maintain its credibility and effectiveness.

Nepal is in a state of evolution in which little is certain; even democracy itself is fragile and depends on the continued support and responsibility of the people. Like democracy, the realization of a new direction for Nepal's socioeconomic development is no small task...the people themselves are in control of its destiny, against, it seems, all historical and cultural odds.

Future successes in Nepal will fit into a global picture of people affecting change through nongovernmental organizations and participatory governments. With persistence and authentic dedication, the dismal projections for our collective future will be reversed.

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## PEOPLE's GOVERNMENT TO PEOPLE's ORGANIZATION

We have seen that a developing democratic government has come to Nepal through a combination of internal and international factors. We also know through experience that in order for democracy to survive and take stable root, many institutions have to play their due role. Democratic values are, in fact, flouted when the citizens of a nation become apathetic to their democratic rights and duties. Many a times totalitarian regimes are thrust upon nations, due more to default than to a well - planned design. Pluralism, like freedom, is one of the important characteristics of a democratic society. NGOs can be one of the important aspects of a pluralistic society - just like the parliament, the judiciary, the press and the government. Ideally, NGOs represent the people, and in fact *are* the people, just as the ideal democratic government represents the will of the people. When at their strongest, NGOs have a vital role to play, not only in safe guarding individual and societal liberty, but also in strengthening democracy through economic and socio-educational activities.

Dr. Sambhu Ram Simkhadha, representing the government as Member Secretary of the SSNCC, had this to say:

In the present state-centric global political system, the ultimate power and authority of important political and economic decision making remains in the hands of governments. However, a new group of institutions, generically known as Non-governmental Organizations, are emerging as important actors in the global scene today....NGOs contribute to the process of democratization by facilitating the breakdown of residual feudalistic structures and value systems. They are also believed to have a special role in the development and strengthening of a pluralistic civil society and in the awakening of socially conscious work and investment ethic.

Simkhadha further adds:

NGOs have a unique and important role to play, politically in protecting and consolidating the democratic process, economically in complementing and supplementing the government and the private sector in areas where NGOs have the comparative advantage and socially as innovators and

leaders, especially in advocacy and social action on behalf of the poor and the socially disadvantaged groups, as well as against existing social ills.

Concluding:

.....democracy may be defined as "government of the people" and NGOs as "people's organizations."<sup>1</sup>

The people's government is in place and the political processes is underway, creaky and vulnerable as it may be. People's organizations are emerging at a prolific speed. Many will die; many will survive; a sizeable core will live to deliver the effectiveness now expected of NGOs from all sectors.

Just as a nation requires sound population planning and programmes, so do NGOs. There have been plenty of studies commissioned by various donor agencies in order to research the maladies in today's Nepali NGO sector; these have very competently pointed out the ills we face. It is now time for us to suggest and devise remedies and provide timely NGO capacity building programmes. The chapter which follows attempts to provide ideas about the minimum essential requirements which NGOs must attain in order to function healthily, strengthening democracy and development.

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<sup>1</sup> Dr. Sambhu R. Simkhadha, "NGOs in Democracy; Beyond the Plethora of Popular Rhetoric". presented at the seminar, "The Role of NGOs in National Development". Kathmandu: 27 February, 1992.

# ORGANIZATIONAL MANAGEMENT OF NGOs:

## Enhancing Future Performance

Deepak Tamang

Designing methods to enhance the effectiveness of NGOs in Nepal entails a number of important issues. While working to help ourselves, we can also benefit from keeping informed about the development of other NGOs, not only in Nepal, but also in South Asia, greater Asia, and globally. Some exciting current concepts in corporate management have been borrowed from what NGOs have been saying for over a decade. These ideas include participatory management, empathy, and acknowledging the importance of listening. The corporate sector today emphasizes "glocalization": the need for decentralization and effective responsiveness to local situations. Learning from global experiences and applying them to local situations, or vice versa, can be a rewarding and helpful management practice.<sup>1</sup>

If the corporate sector finds so many of our concepts useful, can we not then examine some of their popular concepts in management to enrich our own workings? We need not ape the corporate sector, but surely we can learn from some of the ideas that make them tick. There are several to consider, ranging from the Japanese concepts of work groups, life long employment, and loyalty to the employer, to the multinational's attitudes about effective personnel management and the idea of disposable workers. The corporate sector's development of strategic planning and management is a sphere from which NGOs can learn about improving their own work plans. The idea of an annual or semi-annual work plan, also borrowed from the corporate sector, is a way that NGOs can formalize and channel their resources. Financial management, cash flow projections, computerization of the information on financial management and information flow are some of the areas in which NGOs can learn from the corporate sector about improving their operations.

NGOs in Nepal are positioning themselves to undertake ever more challenging tasks. The list is quite long, and includes the following:

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<sup>1</sup> See Argeros in "The New NGO Manager" NGDO Workshop, Chaingmai, 24-28 May, 1993.

- community and rural development
- urban slums
- educating and empowering women
- rural and urban environmental improvement
- improving public health and access to health care
- irrigation
- educating the people about the increasing threat of AIDS
- specialized functions

NGOs need to professionalize and institutionalize many of their organizational works, since without a strong institutional structure, NGOs run risks ranging from the threat of failure due to inefficient management of resources to the aforementioned skepticism about their credibility. There is little question that NGOs in Nepal have plenty of room to develop their skills in personnel management, placement, and recruitment of qualified, as well as dedicated, individuals. There is a need for NGOs, as they embrace a more central role in Nepal's development, to strengthen themselves and prepare for the tasks ahead. Recognizing this, current concepts on "logical framework", SWOT, "environmental analysis"<sup>2</sup> and other analytical tools can be utilized more and more to improve management with the goal of preparing NGOs to effectively assume growing responsibility.

Improving the management of NGOs is a task that only NGOs themselves can assume. Recognizing their weaknesses, they may examine their institutional and programme viability through a series of internal and external inputs. NGOs can examine their own roles and goals, their internal crisis management plan, conflict resolution, and the management styles which operate within their organization. All of these can be reviewed using the NGO's individually determined framework of objectives; these objectives will reflect the "organizational culture" that an NGO wants to embrace, promote and propagate. This becomes the dynamic ideology and vision which guides and propels an organization forward.

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<sup>2</sup> Management Analysis tool related to strength, weakness, opportunities and threats.

## **A General Look : The NGO Management Scene in Asia**

NGOs in Asia are at various levels of growth and maturation. While in countries such as Afghanistan and Bhutan, there are few NGOs at the moment, there are none that we know of in China or Mongolia. Alternately, The Philippines boasts some 60,000 NGOs, followed by India, Bangladesh and Sri Lanka where there are thousands. Thailand has over 200 NGOs and is nearly in the same category as Nepal in terms of NGO development. Nepal has over a thousand formal and another thousand or more NGOs in the informal sector.<sup>3</sup>

NGOs in Asia perform a wide range of functions from community development to human rights, rural development, conscientization and empowerment. Even though NGOs in Asia have different levels of experience, are different sizes, and have different scales of operations, they exhibit certain commonalities when it comes to the way they manage and operate.

Large NGOs usually share a common problem of effective personnel management and conflict resolution. They have problems of effective financial, personal and organizational management and suffer from a lack of an efficient system of information flow within and between organizations. Smaller NGOs suffer from the lack of long term funding and have very little knowledge or skills in strategic planning and implementation. Both categories suffer from a deficient management information system ("MIS"), and their monitoring and evaluation systems do not function to the desired degree.

In most cases, the few management tools that are applied when a specific project is being implemented are not carried over "holistically" to the entire NGO operation. This leads to confusion when it comes to identifying an NGO's "organizational culture" (its self-defined roles and goals). When management tools are applied in isolation to a specific project, one result can be that NGOs become a tool of funders and aid disbursers. A strong conviction, like promoting alternative development through NGOs and people power, is lost in the shuffle. NGOs, then, become a mere extension of the establishment and may work toward reinforcing an unacceptable status quo without even realizing it. Co-opting to become a service delivery NGO is often more comfortable than attempting to mitigate the damages done to, say, the environment, by the

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<sup>3</sup> Figures of NGOs gleaned out from NGDO workshop, AIT, Chaing Mai, Thailand, 24-28 May 1993.

traditional development sector. NGOs must not lose sight of critical awareness and critical incidence <sup>4</sup> -- important parts of their work if they are to avoid becoming ideology-less entities.

Many NGOs in Asia, and for that matter the world over, lack the clear self-definition that characterizes an "organizational culture". Most NGOs agree, however, that their purpose is to work towards creating a better world for humankind while creating a harmony between humans and the environment. They are non-profit organizations and their motivation may spring from a host of economic, social, cultural, political, philanthropical, political or religious inspirations. Many of their constituencies are religious, but often their works are secular and humanitarian in nature.<sup>1</sup>

Asian NGOs are grappling with the management deficiencies in areas already named above:

- \* organizational management
- \* financial sustainability
- \* personnel management
- \* staff development
- \* strategic planning, monitoring and evaluation
- \* flow of information within the NGO and among NGO networks
- \* conflict resolution
- \* financial management
- \* information processing
- \* time management
- \* crisis management

The current issues regarding NGO management in Asia are crystallizing around issues such as:

- \* identifying and retaining highly qualified staff
- \* ensuring succession in management
- \* sustaining and improving performance at all levels
- \* increasing the depth of talent in the organization
- \* making management competence
- \* organizational culture and organizational mission clear to the staff

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<sup>4</sup> Critical awareness and critical incidence are the terms used in the NGO work for an educative process amongst the people which eventually leads to a - *knowledge for positive action*. Paulo Friar initially popularised this term in Latin America. See Paulo Friar's - *The Pedagogy of the Oppressed*.

- \* inspiring quality performance from the staff
- \* establishing training as part of the management culture
- \* sensitizing top and mid level management on the crucial need for human resource development within the organization
- \* linking the staff to perform according to the organization's strategic needs<sup>5</sup>

The challenge for Asian NGOs is to explore the possibility of utilizing modified techniques and concepts currently used by the multi-national corporate sector. Ageros, writing in the "The New NGO Manager",<sup>6</sup> suggests that there may be a need for radical restructuring which allows fresh perception of the environment in which the NGOs operate. Pracop Cooperat, writing on NGOs in Thailand,<sup>7</sup> uses the term "environmental analysis" to describe this new perception. In the future, we can expect that NGOs in both the north and the south will be competing for the same source of funds and the old notion of the patron-client relationship between the northern-southern NGOs will change drastically. How can southern NGOs become more viable in this new scene? Organizational analysis and management should be geared to address such critical issues.

Asian, as well as global, NGOs are being forced to think creatively and come up with alternative visions of management. Citing the "International Manager"<sup>8</sup>, Ageros pursues the case for thinking in terms of alliances among NGOs, human resource management, NGO restructuring, organizational restructuring in terms of integrated networking, and "glocalisation". Using new management skills, NGOs can build a consensus operation in which each individual holds an interest in an NGO's value and purpose. Innovations which facilitate the flow of ideas and make NGOs more alert to the changing needs of the changing times are the goal; decentralized, participatory operation is the means.

The new NGO Manager Concept is geared towards addressing the need for a strong organizational culture. The focal point of this concept is managing people. If staff people are managed well, then they bring results- which is

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<sup>5</sup> Dr. Bengt Ageros, May 1993. "The New NGO Manager". Dr. Bengt Ageros is the regional director of Redd Barna for Asia and the Pacific.

<sup>6</sup> Ibid.

<sup>7</sup> Dr. Pracob Cooperat, "Management of NGOs in Thailand," 24-28 May, 1993, Chaing Mai.

<sup>8</sup> Barham and Oates, "The International Manager", 1991.

NGO's ultimate objective. NGOs, by their nature, do away with a huge bureaucracy and use their very structure as a forum where people can learn, meet, understand each other, and create informal networks. This, if done well, can minimize conflicts and mitigate debilitating attrition within an organization.

The problems of the larger NGOs in Bangladesh, India and Sri Lanka, for instance, have manifested as staff conflicts, much to the detriment of organizational objectives. There is indeed a need to approach the problem of lack of organizational culture and turn it into an opportunity for a creative new direction in management.

Allen Henderson and Ravi Pradhan, for example, emphasize the need for team effectiveness and creativity. Conflict resolution through better interpersonal communication and intra-agency communication, commitment and future visions are important ingredients in their short course entitled "Designing The Future".<sup>9</sup> Corporate management leaders such as Akio Morita, of Sony fame, also argue for decentralization, empathy, better inter-agency communication, and team spirit as important ingredients to an organization's success.

Communication, and for that matter, empathic communication where people more than just sympathize for a cause, is being heralded the world over, in the corporate and the NGO sectors, as the key to successful organizational management.

Management practices such as "environmental analysis and scanning"<sup>10</sup> are also becoming popular in both corporate and NGO management. Basically, "environmental analysis and scanning" means to assess an organization's strengths, weaknesses, opportunities, and threats. Knowing where one stands provides a clear picture of what's ahead, and what's possible.

### **Not the Corporate Sector: The Complexity of NGO Management**

Up to the present, NGOs all over Asia have managed their organizational affairs through a process of "learning by doing", a concept the corporate sector

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<sup>9</sup> "Designing The Future " is a short three days workshop conducted by Mr. allen Henderson, of the Mentors Group - USA, in Nepal since 1990. This workshop is offered primarily to NGO participants in Kathmandu and aims at improvements in leadership and organizational management.

<sup>10</sup> Instrument guides used by pilots before take off, whilst landing and when airborne to ascertain weather conditions, ground proximity etc..

abhors in favour of the professional manager. The former takes a humanitarian line while the latter a managerial line when making decisions on "crunch issues". A case in point is the NGO in India which had to take a disciplinary action against a number of its staff members for poor performance and non-cooperation. In the corporate sector, the persons in question could have been summarily dismissed; in the case of this NGO, it was a severe test for their organizational philosophy which stood for social justice.

"We were faced with a situation of this kind last year. Seven of our field activists were found negligent. They were just not working, but refused to admit this and created an impasse. Our executive committee strongly advised disciplinary action but we could not bring ourselves to initiate proceedings. We felt uncomfortable, treacherous and betrayers of the cause. We, who had struggled for worker's rights all our lives and had criticized and decried the system, were suddenly on the other side of the fence".<sup>11</sup>

In many ways, NGO management is far more complex than corporate management, where success is measured by the yardstick called profit. NGO management is fluid and calls for considerable tact, diplomacy and humane as well as human skills. NGO management calls for public service entrepreneurship as opposed to profit entrepreneurship. NGO management is based on learning by doing; it is transparent as a public service entity. In addition, NGOs are not empire builders like the corporate conglomerates; they are not beset with business secrets like the multinationals. As catalysts, they may have to fade away from the operational scene of their activities sooner or later. All these calls for a high degree of sensitivity and alertness to NGO's ethos and pathos.

Piers Campbell contends that "organizations [NGOs] tend to have a dominant management culture [thus far we have called this "organizational culture"] which is rarely articulated but which strongly influences its choice of management techniques, staff, organizational structure and administrative systems."<sup>12</sup> Marides, writing on the Philippines,<sup>13</sup> puts forth the idea that NGO

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<sup>11</sup> Ms. Nandana Reddy writing in "Practising What You Preach". AIT Workshop, Chaingmai - Thailand, 22 -28 May, 1993. Nandana is affiliated with an NGO in Bangalore - India called the *Concerned for Working children*.

<sup>12</sup> Piers Campbell, "The Management of NGOs; An Overview". Paper prepared for the South East Asian seminar on NGO Management development and Training, Manila, the Phillipines, 1987.

<sup>13</sup> Ms. Marides Virola-Gardiola, "Issues in NGDO Management", NGDO Management Training Workshop, Chanigmai, 23 - 28 May 1993.

management calls for examining influencing forces like the culture of the organization: whether it uses participative or top-down decision-making, open or closed management, what type of constituencies it serves. "Organizational management" of NGOs, therefore, calls for a deep and empathic understanding of NGO culture: its self-defined roles and goals as well as the cultural and political specifics of the country in which it operates. Cultural factors such as respect for elders, comraderie, *karma*, kindness, charity, forgiveness, and even fatalism can play important roles in the organizational cultures of NGOs in Asia. There is a marked contrast here when one compares the NGO to the multinational corporation, whose profit motives override any of these factors in importance.

The concept of human development, as opposed to human "resource" development (where individuals are developed as tools to serve a particular organizational function) marks another departure from the corporate example. The dignity of the individual person and making her or him into a powerful force is central to the effectiveness of an NGO, while the same may not be true in the corporate world.

So it becomes clear that learning to manage NGOs well is a unique task. We cannot simply borrow the yardsticks used to measure management performance in the corporate world and apply it to NGOs. Because NGOs are different, so must be the tenets by which they are managed. Good NGO management calls for an understanding of the idea of NGO culture and its roots in alternative development ideas. NGO management ideas synthesize faith in people power, a critical attitude toward growth-centered development, and desire for the redistribution of benefits that characterize the NGO community.

### **Management Styles of NGOs**

Management styles of NGOs vary. There are NGOs which are leader driven, staff driven, or professionally managed. Rather than judging the various styles as wholes, let us adapt the best qualities in them and discard the bad ones.

One of the drawbacks of a leader-driven NGO is that the institution can turn dictatorial, at times becoming a "personality cult" of the person at the helm. These types also suffer from a paucity of able middle succession leaders and may go out of existence once the top boss is removed from the scene. It is also deficient since all decisions are made by one individual. The staff-driven NGO, on the other hand, may suffer from a lack of decision-making as each one is

caught in a "polite trap". A professionally managed NGO may end up managing an NGO "well" but compromising its objectives. A well managed NGO is not necessarily a good NGO.

Yet, we can take a leaf out of each of these management philosophies to compose an ideal. A charismatic, decisive and dynamic leader is by definition an asset to any NGO. Her or his commitment, enthusiasm and zeal rubs off onto the rest of the staff. Similarly, consensus building and interdependence encourage team work and position an NGO on firm ground when it comes to crisis and conflict resolutions. A professional manager may bring an NGO skills like strategic thinking and planning ability, sound financial management systems, good recruitment and placement policy, and effective staff training and development.

### **Action to Improve Management**

Realizing the complex needs of the organizational management of Asian NGOs, many NGO leaders are searching for methods and means to strengthen NGO performance through a better management medium. A group of Asian NGOs met in Chaingmai, Thailand in 22 -28 May, 1993 and pledged to strengthen NGO management through formal training methods, networking, information dissemination and active advocacy to the practical needs of NGO management. As a beginning, a consortium comprised of Asian NGOs<sup>14</sup> has been established in order to build on the foundation laid so far. The consortium hopes to strengthen NGO management training programmes through academic institutions such as the Asian Institute of Technology (AIT) in Bangkok, the Asian Institute of Management (AIM) in the Philippines, and the Manitoba Institute of Management (MIM) in Canada. The Manitoba Institute of Management has done a number of frontier breaking works in NGO management. Interlinking with this and other similar institutions will be of immense benefit to NGOs in Nepal as well as in Asia. Besides, there may be other NGOs who have done useful work in NGO management with whom network contacts still need to be established.

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<sup>14</sup> The NGOs that met in Chaingmai, Thailand, during 23 -28 May, 1993 to constitute this consortium were PHILdhrro from the Philippines; INDHRRRA from Indonesia; Redd Barna, Chulalongkorn University and the Asian Institute of Technology from Thailand; Save the Children - UK in the region; Caritas Development Institution from Bangladesh; SEARCH-Nepal; Sarvodaya and ITDG from Sri Lanka and the Concern for Working Children from India.

## **Nepal: Types of NGOs and Their Changing Roles: Styles, Problems, and Improvements**

There are many types of NGOs in Nepal. D.R.Panday and I. Shrestha, while researching on NGOs for SATA in 1985, summed up NGOs as "..... an organized effort, on a collective basis outside the government, in the promotion of political, economic, and social interest leading toward self-reliance and an improved life situation for its members."<sup>15</sup>

Writers such as Vijaya Shrestha operationalized this definition into various categories. While evaluating the potentials of NGOs for an ADB/Manila study in 1989, she introduced useful notion of national, professional and self-help (SHOs) NGOs based on typology, geographic location, size and function.

Recalling the many different types of NGOs in Nepal, it would be difficult to pinpoint management problems without devising some categories. Over the years writers and researchers have categorized NGOs in Nepal into four types. They are:<sup>16</sup>

1. National Level Service Delivery NGOs,
2. Community Based Organizations/NGOs (CBOs)
3. Professional and Action Research NGOs(PNGOs).
4. Self-Help Organizations (SHOs).

Most of the NGOs mentioned above emerged around a strong and charismatic leader. This attribute has many advantages; however, when applied across the board, and especially in relation to the urban based community development and professional or action research NGOs, this phenomenon has not facilitated the institutionalization of NGOs in Nepal for a variety of reasons. NGOs and their leaders remain fiercely independent entities. Very often the second rung, middle level group never gets to assume leadership roles. The leader often performs a multitude of key functions such as that of a conceptualizer, fund raiser, project realizer, financial, personal and institutional manager and chief spokesperson of the organization. This, of course, is not done

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<sup>15</sup> See D.R. Panday and I. Shrestha, IDS: Non-governmental Institutions and Processes for development in Nepal. February, 1985

<sup>16</sup> See: IDS; Non-governmental Institutions and Process for development in Nepal, 1985 (A study undertaken for SATA ). New Era: NGOs in Nepal 1988 (A Study undertaken for ADB/Manila). CECI: The Potentials of Nepali NGOs 1992.

with malice or with the idea to subjugate other staff people. Often the organization is small and run by a handful of people. The organization cannot always afford to hire other professionals with leadership qualifications and often organizations are identified and funded - and therefore become viable - because of a single individual.

A recent study carried out by (CECI)<sup>17</sup>, a new Canadian NGO in Nepal, of 43 nationwide community development NGOs, inputs of 10 sector specialists and feedback from over 60 NGOs - has this to offer in terms of improvements of both SHOs and the national and professional NGOs.

Their [SHOs] scaling-up potential is very significant but will require intensive capacity-building support in the fields of:

- financial accountability systems
- project planning and monitoring systems
- systems of access to financial and technical resources from the government.

The report elaborates further:

The areas in which they [SHOs] should improve quality are:

- learning to act as development facilitators rather than as direct implementors,
- patterns of leadership and management styles,
- financial accountability systems,
- systems of project planning and monitoring.

Similarly, it suggests two areas for national NGO improvement. They are:

- learning to act as development facilitators rather than as direct implementors,
- programme planning and monitoring systems.

The principal areas of capacity-building needs for professional NGOs are:

- skill development of field facilitators in social dynamics, community motivation, structuring self-help organizations,
- human resource management systems, in particular for the tasks of

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<sup>17</sup> The Potentials of Nepali NGOs, CECI, Volume I, December 1992.

- recruiting, training, and managing teams of facilitators,
- systems of programme planning and monitoring,
- growth management systems (learning to grow without negatively affecting quality).

### **National Level Service Delivery NGOs**

National Level Service Delivery NGOs in Nepal are those that came into existence after 1950. They had strong political patronage from Nepal's ruling family, members of which were usually at the head of these organizations. Often these NGOs came as a result of external patronage (such as the International Red Cross in the case of Nepal Red Cross). Environmental movements in the west also brought about some of the environmental NGOs through special acts of Parliament. The King Mahendra Trust For Nature Conservation (KMTNC) is one recent example.

National and International patronage has been of special significance for the sustainability of these NGOs, since there are no provisions for long term institutional support or endowment support for NGOs in Nepal. These national level NGOs have well funded programmes and they have networks in many of Nepal's 75 districts. Often their programmes amount to millions of US dollars annually, especially in the cases of family planning, eye care and health services. Much of their funds have gone towards infrastructural development, like regional hospitals and laboratories. The worker strength of these organizations runs upwards to 100 persons and is considered sizeable in the context of NGO's current status in Nepal.

Decision making in national level service delivery NGOs used to be characterized by an annual board meeting where the chief patrons were invited. These meetings were perfunctory and no major decisions were taken. It gave the senior office holders an opportunity to brief patrons about the past year's activity and present projections for the coming year. Operational decisions were generally made by smaller groups of executive members, numbering between 7 - 13. The executive members often represented a small coterie of an " old boys " network, and their functioning closely resembled the style of the Nepali civil servant: delays, procrastinations and unwillingness to take individual risks were the order of the day.

After the political change of 1990, the Social Services National Coordination

Council (SSNCC) resorted to dissolving these executive committees on the reported pretext that they had been holding their offices too long without proper elections. In some of the bigger NGOs, internal power struggle led to an open invitation for the related government agency to intervene as a "reluctant" arbitrator. This points to an important fact: the office bearers in many of these national level service delivery NGOs had become subservient to their own interest and to the interest of their political masters then.

There were many cases of distortion and mismanagement, emanating from this personal patronage and coterie - style management of these NGOs. Staff development and upward mobility was seriously stifled. As a result, many bright, young, idealistic people serving in these NGOs were either driven to frustration or were allowed to function well below their capacity. Many of the national NGOs also lost their often cited close to the people, grassroots character. District managers often had to wait for the decisions of the higher-ups in the headquarters and quick responsive action, which could have been undertaken in a flexible, decentralized setting, were lost. This is still the bane of many of the national level NGOs, which still functions as para statals, despite the fact that " participatory management" has become the buzz - phrase in the NGO management lexicon.

Despite these drawbacks and a certain degree of sycophancy exhibited by its top managers towards their patrons, national level service delivery NGOs represent the best structured NGOs in Nepal - institutionally. They regularly carry out annual planning. These NGOs have a fairly well developed financial disbursement and monitoring system; its staff persons are usually well trained specialists in their respective fields, and there is a high degree of charm and prestige attached to working in these organizations.

National level NGOs also have a monitoring and evaluation system. Often these are complemented by external evaluations. The number of donors funding these institutions have insisted on a fairly high degree of transparency and reporting systems.

The heads of these NGOs have at times served in multinational organizations, like the specialized agencies of the United Nations. Some have also been senior civil servants. These cadres, therefore, are often quite able to oversee the smooth operations of these NGOs. This happens through well planned in-country and external training sessions, often supported by donors,

as well as proper and regular modification of staff job descriptions. A central filing and documentation system, well defined salary and compensation structure, proper logging of inventories and a vehicle management system also contribute to smooth operation.

These national level NGOs are able to maintain a high profile in the country through national media and are often articulate enough to put across to the milieu their message on general development and the content of their own programmes. Indeed the majority of them have functioned sustainably in a country where external aid plays such a vital role. Yet this "project funding" like situation may change owing to many national and international factors such as recession or change of government. In such an unforeseen situation national NGOs with its cushy project like support may become unsustainable. Hence, the need for improvements.

What national level NGOs can improve is the style of their management, which is usually dependant upon a single personality at the helm. Charismatic leadership has its advantages; it isn't completely undesirable. What must be devised, however, is a mechanism within which mid-level professional cadres are able to shoulder more decision making responsibilities. This entails a tilt towards a participatory and decentralized style of management where project managers and district level officers are given sufficient space to develop their local level plans and feed them upwards to the national level during annual plans and budget preparations.

National level NGOs also need to operationalize a strategic management and planning system on a periodic basis. There is already a fair amount of expertise on objective-oriented programme planning within the country and within the region; it needs to be tapped and used. Periodic programme planning identifies the strengths, weaknesses, and gaps in an organization. It also identifies resources, both human and financial, required to reach one's objectives and present to the leadership a rational basis to judge capabilities and future sustainability.

### **Community Based Development NGOs (CBOs)**

Many of the NGOs in the "organized sector" fall under this category. The "organized sector" means those NGOs that are formally registered with the

government.<sup>18</sup> This indicates that these NGOs are governed by a written constitution and have byelaws to operate their institutions. There is normally a board which oversees the functioning of the institution and a general assembly that normally meets once a year to regulate the functioning of the NGO.

Existing Community Development NGOs have been formed around an enlightened and charismatic leadership or have been organized around one or more than one strong leader with previous experience of working in either a larger NGO, and international NGO, an international organization or some reputed social organization in the South Asian Region. The leaders are often people of vision, goodwill and foresight and have a high degree of commitment for the development and welfare of Nepal.

Many community development NGOs emerged during the last decade. They are young and are progressing rapidly upwards in a learning curve. Their area of operation, in many instances, is small and limited to one, two or three Village Development committee(s) - (VDCs).<sup>19</sup>

Community development NGOs have a fair distance to cover before they will become well-organized, institutionalized NGOs. As mentioned earlier, their personnel are imbued with a high sense of commitment, dedication and idealism. Their staffs are also fairly "sophisticated" when it comes to the understanding of NGO philosophy both nationally and globally. Contemporary thinkers and theorists such as Paulo Friar, David Korten, Tim Broadhead and Robert Chambers are some of the mentors of these NGO personnel. Elder statesmen such as Mahatma Gandhi, Vinoba Bhave and Sarvodaya leaders such as Jaya Prakash Narain have also moulded their thought processes. Nepal's own Gandhian, Shri Tulsi Mehar Shrestha, is also revered. Lately, the work and inspiration of Noble laureates such as Mother Teresa have also had influence on the thinking and inspiration of these NGOs. Many young men and women working in NGOs have also been influenced by the "progressive" works of Marx, Lenin and Mao. As such there are also a fair number of "leftist" NGOs working

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<sup>18</sup> NGOs in Nepal are required to register with the Chief District Officer in their respective district if they are to function as an NGO and obtain official recognition and support. They have to further register with the Social welfare Council (SWC) in Kathmandu, under a dual registration system, if they are to obtain foreign funding and support.

<sup>19</sup> The Village Development Committee(s) are the lowest politico-administrative zone in Nepal and consist of around 4-5,000 villagers. They are further divided into nine wards and may entail a walking distance of 2-3 days in the hills of Nepal.

in community development with zeal and enthusiasm.

Like the national NGOs, the "chink in the armour" of these CBOs is again the financial resource. Their sustainability and their routine management. The "nuts and bolts": annual work plans, staff rules and regulations, cash flow projections, financial viability, programme and project planning and an efficient office management system need to be either operationalized or strengthened. The leaders of these NGOs often perform multiple functions and are, as a result, immersed in daily routines. Time management and task management, as well as responsibility segmentation, are dependent upon these leaders. Also, many of these NGOs have little idea that leadership, management and extension are three distinct and different functions; often they cannot be rolled into one. Hence, there is much room for improvement in terms of organizational and programme management in this category.

#### **Professional and Action Research NGOs (PNGOs)**

Professional and Action Research NGOs<sup>20</sup> are by far the most well equipped, well funded, and well-staffed NGOs in Nepal. They have emerged during the last decade. Since historically there has been a lack of a professional labor force from which to draw in Nepal, a number of donor agencies began to encourage the formation of specialized NGOs. Other NGOs emerged due to the fact that ex-civil servants or qualified professionals wanted to work on their own and contribute towards the development of the country. There are a number of professional NGOs with dedicated staff and visionaries who want to do something meaningful with their talent, vision and energy.

Professional and Action Research NGOs in Nepal are currently at a cross-roads. They are constantly trying to balance their two primary functions: information processing and action research. Up to now, information processing has assumed the primary role. Achieving the balance is further complicated by the fact that should professional NGOs not employ this strategy, they would soon go bankrupt. Gradually, however, this scene is changing as the government and the international community becomes more and more interested in professionalizing NGO operations. Professional and Action Research NGOs in

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<sup>20</sup> Professional because they earn their operational and other establishment costs and set aside certain amount for their programme development.

Nepal are now being given the opportunity to play the role of trainer and facilitator.

In the future, professional NGOs will have to accommodate some "structural adjustments" in their operations. Up to the present, professional and action research NGOs have kept busy by obtaining research projects, hiring and training appropriate staff and completing their assignments. There was limited need for longer term projects and institutional planning. Even in this scenario many suffered from what has been termed the "financial crisis". Crisis management has been the order of the day for many of these NGOs since constant institutional support and endowment funds are non-existent in Nepal.

Professional and Action Research NGOs must be credited with the fact that their office management is efficient, the staff members are well trained and a number of them are able to obtain long term support from their donors. The organizations are normally well equipped with office supplies such as computers, photocopiers, and a modest amount of printing facilities. Some also have well-defined staff rules and regulations. Their accounts are audited regularly and there is a substantial degree of expertise in financial management. Yet, constant financial support is rarely available, so financial considerations wind up assuming primary importance. Most professional NGOs suffer from a lack of capital formation and capital accumulation and are constantly on the verge of going bankrupt.

Professional and Action Research NGOs need to plan ahead and develop a number of "products" in their pipeline so that there is no crisis in their daily management. These NGOs also need to "spread the load" among their mid-level management so that leadership, management and specialized project functions are well demarcated. Most of the appraisals of professional NGOs reveals that a single leader is often weighed down by too many tasks, the financial management is weak, and action programmes are implemented in an ad hoc manner. As these NGOs attempt to perform more training and facilitation functions, they will need to adopt a much more efficient and formal programme and financial management system.

They also need to overhaul their personnel management and placement systems. Currently, most of these NGOs rely on a pool of resident experts to work on a short term basis in order to fulfil a particular information processing assignment. The freelance experts then move on to another project. This often

results in a lack of accumulated expertise within the NGO. This is perhaps one reason why NGOs in Nepal have not been able to successfully undertake specialized work such as the implementation of drinking water, irrigation, agriculture, afforestation, legal aid and so forth. Furthermore, most of the programme management, especially at the office level is carried out by general service staff. As the most talented workers are lured away by more glamorous and lucrative sectors such as banking or travel, the pool of human resources available to the NGO for long-term employment, despite their high sense of dedication and idealism, is second-best.

In the future, professional NGOs will need to make more managerial decisions in order to obtain the best talents for the right jobs. This also means the ability to provide adequate remuneration and incentives to potential employees. Most of these NGOs also do not have a regular, well planned staff development and training programme. Many of their personnel have backgrounds such as teaching or liberal arts, leaving a lack of some needed skills. This situation has to be remedied through more formal recruitment procedures and formal short term staff upgrading training programmes.

Service delivery; professional action research and community development NGOs have been accused in the past in various fora such as the newspapers, the seminars, debates, television programmes and in day to day life as entities engaged in mere "money spinning", "dollar earning" and "brief case" wielding institutions. These criticisms are even more intensely directed toward the professional NGOs. Many in the government, the "social welfare" community and the milieu at large have come to believe, rightly or wrongly, that professional action research NGOs are the least sustainable and least useful in Nepal's development drama.

To a great extent, this poor image of professional NGOs is both unfair and largely unfounded. The market plays its due role and wipes out unfeasible NGOs. The donor community discerns between good and bad NGOs fairly rigorously. There are indeed very few dollars being channelled through this category of NGOs and whatever they do earn is through a harsh, and at times intensively competitive, process of submitting bids and proposals. Furthermore, many professional NGOs do have their own professional ethics and are staffed by some of the most talented, well qualified and experienced sons and daughters of Nepal. Yet, the sad reality is that many consider this category of NGOs a

burden to the country and an unwanted element.

What then have the professional NGOs done in the past to earn this stigma? The answer may be like chasing a mirage in the desert. Perhaps, the reality is an accumulated result of the material, moral, socioeconomic, political and intellectual gap between the absolutely poor, the poor, the middle and the rich class in Nepal. It may be a manifestation of the seething anger, hate, jealousy and suspicion between we Nepalis.<sup>21</sup> This is all the more reason why the professional and action research NGOs with their comparatively better resource base, both material and intellectual, most do more and deliver more in Nepal's socioeconomic development.

Professional action research NGOs must analyze their organizations and search their souls even more from now onwards in order to circumvent and overcome such images and self-images. In the electrifying atmosphere of six fold NGO growth from a mere 222 in 1990 to 1,210 by mid 1993,<sup>22</sup> such criticisms are not totally unfounded or cynical. Often it is easiest to point an accusing fingers towards the (PNGOs). However, it is up to this category of NGOs to provide an answer to critics, detractors and well wishers that a sizeable number of them means business.

### Self-Help Organizations (SHOS)

There is latent potential among Self-Help Organizations (SHOs) for contribution to the effort of alleviating poverty in Nepal. SHOs can complement the efforts of more formal development agencies with their cadre of civil servants. They can also complement the works of political leaders elected by the people, and of national and district level NGOs.

SHOs, however, are the most unorganized, smallest, and dispersed of NGO - like institutions in Nepal. Often they exist as communal reciprocal labour exchange groups, as credit unions, as religious groups, as minority organizations and user groups for natural resources such as water, forest, or fruit orchards.

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<sup>21</sup> Facists, reactionaries and totalatarian political elements in Nepal see NGOs as a stumbling bloc in their quest for "smash and grab" polemics. See Jana Bhavana, a Facist Nepali daily, page 2; 28 July, 1993. For detailed profile of Nepali Political Parties and ideologies refer to Dr. John Whelpton's mimeograph, July, 1992.

<sup>22</sup> As of 15 July, 1993 there were 1,210 NGOs registered with the SWC and over 2,000 with the countrywide CDOs in Nepal. [Personal communication with the above institutions].

While there are few examples of SHOs with pan-district operations, these are only handful. The rest remain in the realm of the unorganized, but formed with great spontaneity, in the rural as well as urban areas.

The government, through its Eighth Five Year Plan, the nation's central bank, international donors and international NGOs are extremely keen to work with these groups for poverty alleviation. The past two years have been a period of searching and researching for how best to work and facilitate these SHOs. There are some early hints which point to the fact that national level NGOs, community development NGOs and professional action research NGOs are some of the avenues through which these SHOs could be trained, supported, organized and utilized for NGO interventions in the rural areas.

SHOs are informal groups. Normally, they do not have a written constitution or bylaws. Many follow traditional village norms. Their members are farmers and ordinary rural people. They are not registered with the government and hence they are outside the support system of the government or international agencies. SHOs, therefore, represent a real challenge to facilitating NGOs who want to organize them into a more widely productive NGO force in the countryside.

### **Measures Which Can Be Taken To Improve NGO Management**

As the national, community development and professional NGOs position themselves to play the role of coaches, trainers and facilitators, they themselves need to improve in certain management areas. In operational terms, the pressing matters to be addressed are decentralization and smooth management of NGO offices, better financial management, better skills in budgeting and accounting, better staff rules and regulations, better office administration and management, staff training and placements, and maintenance of inventory and division of labour on the basis of "horses-for-courses".

At the programmatic level, attention needs to be given to a formalized planning system, the forecasting of a range of "products" in NGO's implementation pipeline, strategic planning for self-reliance and sustainability, division of labour between the personnel at the headquarters level and the field operational level, a participatory annual programme plan and budget, and a participatory preparation of annual work plans.

The ultimate goal of development is to promote human well-being. Management is a means to reach the goal! We, however, cannot say the same thing for human happiness, which is based on a variety of other socio-psychological needs. Despite the fact that our endeavor to improve management would fall short of the expectation, of, say, the Buddhist economy, nevertheless, we shall tilt our management discussions to the modern "western" concepts and models. Otherwise, this discussion would never end. I cite this abstract theology in order to state the limitation of any concepts when applied universally. I also still remember, vividly, the timely reminder I received from a western lady on the subject of efficiency - "... why be efficient? What for?" she challenged - a decade ago. I had no answer!

Coming down from the esoteric clouds to the ground realities, we are confronted with the fact that without being "efficient" we cannot survive. We have seen above that NGOs in Asia as well as Nepal, like to manage their organizations through a participatory "learning by doing" approach. This however, cannot go on forever. Argeros argues that "... the luxury of low-risk, slow learning processes simply no longer exist...".<sup>23</sup> We now have to collect and collate all the experiences of the past to make new NGOs more effective in Nepal's development scene.

In this spirit, NGOs in Asia are coming together to share their experiences and expertise in an effort to learn from and teach one another to manage themselves better. The Chaing Mai gathering of NGOs, cited above, identified eleven key areas in which NGOs can improve their performance through better management. These are:

### **I. Organizational Analysis**

The critical issue to be addressed by NGO managers in Nepal is organizational analysis, which entails the examination of roles and goals and asking why an NGO exists in the first place. This question should be posed by each NGO to itself and result in a mission statement which should genuinely act as the guiding principle of the organization. Without this ideological fibre, an NGO runs the risk of being just another organization in the "out of government sector", albeit with a sign board to its credit.

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<sup>23</sup> Dr. Bengt Argeros, May 1993. "The New NGO Manager".

## **II. Sustainability**

Examination of the sustainability of development interventions is of crucial importance. While looking at sustainability issues, ecology and the environment must be taken into consideration as well. We can broadly discern three categories of sustainability. These are: i) sustainability of the ultimate goals of the organization. This means examining the goals of the projects. Will it sustain and have a multiplier effect, once an NGO's efforts reach a certain threshold? To pose a practical example: will supplying water ensure better health and well being for the communities in the long run or will we introduce new bacteria? Furthermore, ii) can the programme be sustained by indigenous resources? Where will we get the pipes and cement from? And, ultimately, iii) can the institution or the NGO provide for it? The last concept of sustainability overlaps with financial management, but is also important in the examination of sustainability.

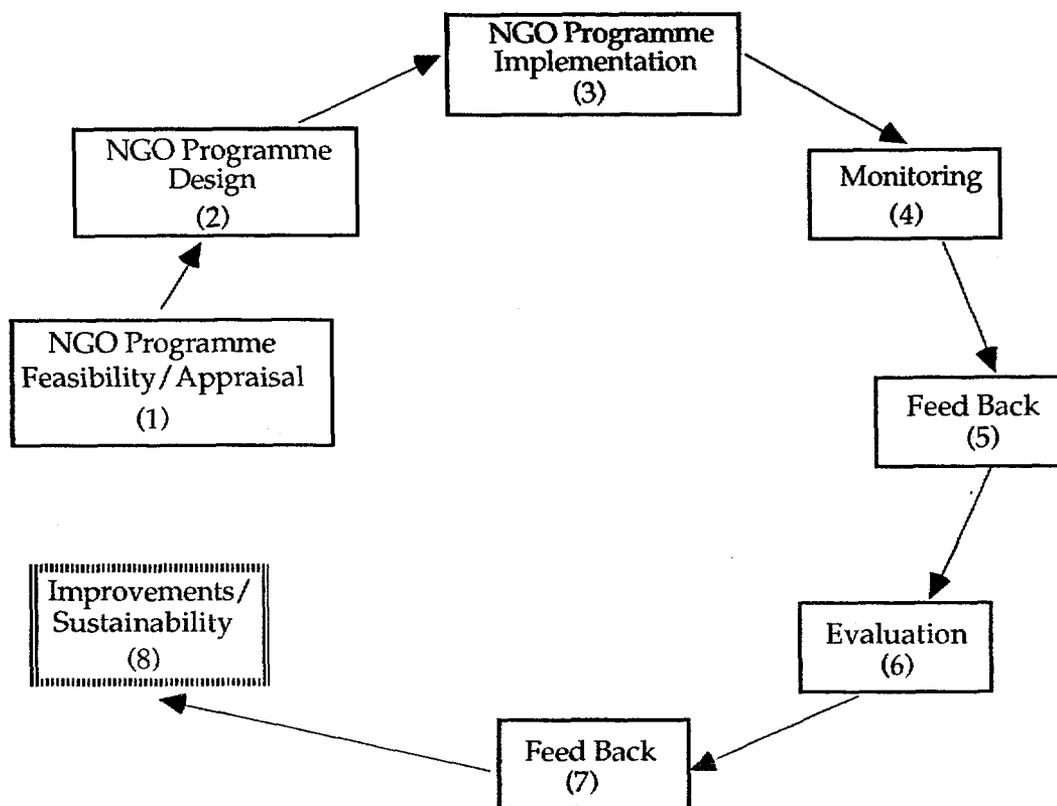
## **III. Strategic Planning and Management**

Strategic Planning and Management simply means managing change. An NGO has to examine its internal and external realities and take steps which are best suited for the organization in the long run. NGOs often function on a day-to-day basis, but do not seem to plan and organize their work for longer term. Consequently, a change in an internal or external situation can spell disaster for an NGO. Evaporation of donor funding may spell doom. Can NGOs turn this into an opportunity rather than a crisis?

Strategic Planning (and management towards that end) is an important component of NGO management in Nepal. Without strategic planning, an NGO may drift until it dies a benign death. This natural phenomenon may not be too bad after all, since we are currently witnessing a mushrooming of new Nepali NGOs. However, creditable and genuine NGOs need not be sucked in this demise because of a lack of vision. Know-how and imagination in terms of organizational planning and management are the key.

## **IV. Monitoring and Evaluation**

Other notable areas in NGO management are the operationalization of monitoring and evaluation systems within the organization and within projects. Differentiation between monitoring and evaluation and the routine use of the both to enhance NGO performance and capabilities are important criteria in NGO management:



## V. Management Styles

A study in management styles and the suitability of the types of management possible for an NGO is paramount if it wants to move ahead. There is as of yet, however, no "do-it-yourself" band aid in this important area. Depending on its size, shape and function, each NGO must evolve a character best suited to its purpose. NGOs in Nepal are either leader managed, at times managed by a participatory staff, or managed professionally. NGOs must be able to analyze the strengths and weaknesses of each of these styles and adapt the best that is suited to its purpose.

## VI. Human Development

NGOs usually strive for "management with a human face" : a characteristic which sets them drastically apart from private companies. This is an inherent strength, for not only does it provide workers with a secure and nurturing work environment, but it eliminates the back-stabbing and ruthless competition encountered in the private world. Ideally, NGOs opt for human development

and not merely human "resource" development, meaning that they have made a political statement to treat their staff members on equal terms. After all, how can NGOs undertake community development if they maltreat their own staff members?

Admittedly, these are lofty ideals, and they require that NGOs get their act together from the very beginning. If not, there is a real danger that they will be swamped by a variety of "pilers on". NGOs must be careful not to introduce a culture of nepotism and "old boy" networking. They must also be weary of cultivating a destructively competitive spirit among their fellow NGOs.

Recruitment procedures should be well-defined, and job descriptions should always accompany the hiring of staff. This simple procedure can eliminate all sorts of potential misunderstandings. Regular annual post and remuneration adjustments in par with performance should be ensured. through objective analysis. Peer groups and introspection sessions are helpful in this endeavor. An NGO personnel manager must strive to bring out the best in a human person and empower that individual to give her or his optimum in the service of humankind. Human development therefore calls for development of "technical skills" together with the development of other qualities like character, simplicity, philanthropy, service, and respect and kindness towards others.

The managerial and technical qualities of staff members can be upgraded through a variety of both short and long term training sessions. These could be in areas like programme management, financial management, time management, fund raising, technical education and so forth. An NGO must strive to provision for these training sessions and also solicit funding for them, as they are integral to the development of a capable staff. At the same time, the development of human qualities calls for "role modeling" from an NGO's senior managers or successful workers in the development field.

Good human development practices can eliminate debilitating conflicts and attrition, among other things. It is certainly easier to hide behind voluminous staff rules and regulations and cite examples of line of command in an organization to get things done; yet, when there is a conflict situation, such mechanisms break up under the weight of egotism, mistrust, and misunderstanding. Well-managed human development strengthens conflict resolution possibilities through better staff-management relationships. The "You and I" model of right-doers and wrong-doers must give way to a new model of

"we together" cannot go wrong. Such a shift in the management paradigm calls for new strength and courage from each member of an NGO.

## **VII. Crisis Management**

Disgruntled staffers can leave enmass or "sabotage" a plan; a trustworthy colleague can embezzle project funds; lack of financial transparency or skills in accounting can lead to the termination of an important source of funding. All of these situations can lead to one or another form of crisis; failure to effectively handle any one of them can have dire consequences.

Calamities due to human errors normally happen only when they are allowed to happen. At times, negligence can lead to vehicular accidents or fire, which then assumes a crisis proportion and can lead to charges of even criminal negligence. NGOs must constantly monitor, circumvent, and root out the causal factors which can lead to human error-led crisis.

Crisis which is external to an NGO such as a flood, an epidemic, refugees and civil distresses, or environmental crisis, are best tackled through NGOs coming together to work as a unified consortium. An example: environmental sanitation - or the lack of it - has assumed a crisis proportion in the Kathmandu Valley. We complain, but there is no action. A single NGO 's intervention will have very little impact on the air or water of Kathmandu. This situation calls for a unified action from NGOs.

The bottom line in external crisis management is planning for the worst and knowing how to confront it. At present, there are few to no real plans for swift action in the event of natural disaster. NGOs must assume a lead role in organizing expectation of the unexpected. Planning after the fact is a far more difficult task than being prepared to react in the first place! Again, we repeat the need for unified action and planning among NGOs, since no single one can handle such major crisis alone.

## **VIII. Financial Management, Sustainability and Transparency**

NGOs are constantly under "financial crisis" due to negative cash flow and non-accumulation of working capital. There are a number of factors which have to be taken into consideration in analyzing this component. The ramifications for poor financial management are varied, and the consequence is naturally unsettling to NGOs. Funding of NGOs is on an ad hoc basis, usually provided

by international agencies. NGOs, thus far, have been unable to obtain institutional support or endowments from donors. The government is far from complementing the external resources given to NGOs by donors, even on an ad hoc project basis. Donors often have a difficult time trying to convince the government that a small share of their assistance should go towards NGOs. This is understandable from the government's position, as historically it has seen NGOs as a "nuisance" and an "irritating" competitor when it comes to sharing the external national assistance pie. The government often fights for its due share of external aid, which, incidentally, amounts to more than 80 per cent of the development budget.

Given the fragile and vulnerable resource base for NGOs and given the fact that there has been a phenomenal growth of NGOs after the political changes of 1990, it must be restated that NGOs have a poor resource base to work with. In the fiscal year 1993/94 the resources channeled to NGOs through SWC amounted to NC 46,473,000 or a meagre 0.13 (%) per cent of the national budget. Furthermore, the NGO budget like the national budget is overwhelmingly dependant on external grants. Thus if the national budget has 63.11(%) per cent external grants and loans then the SWC budget has 40.34 (%) per cent external grants.<sup>24</sup>

Naturally, one can argue that NGOs need to make optimum utilization of their meagre resource base. Within their overall budgetary constraints, NGOs have to manage their operations. In accounting terms, many NGOs are still unable to keep simple book keeping records. This often leads to the suspicion that they are improperly using funds. Very often this fear is unfounded, as many NGOs have a high degree of integrity; sometimes it is the case, damaging the perception of NGOs as a whole.

At the end of the day, the funders, the government, and the public would like to see a clean balance sheet. Most NGOs fall short on this count - woefully-giving further credence to the criticism that NGOs are unable to manage their financial affairs, and fueling suspicion that they exist only to benefit themselves and are not trustworthy.

If NGOs hope to sustain themselves against a backdrop of suspicion, competition, and a poor resource base, they must leave no room for doubt as to

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<sup>24</sup> See the Rising Nepal, 12 July, 1993 and SWC Budget FY 1993/94.

their financial integrity. Proper financial management, accounting procedures, auditing procedures, and information to the public are integral functions in good financial management.

#### **IX. Information and its Use**

Sharing of operational information within key departments of an NGOs is an important function. The days of the management practice through "mysterious aura" by senior managers are too old fashioned to be of any effective use. Information should be shared in an NGO through simple means such as an incoming and an outgoing chronological file. This keeps everyone well informed as to what is happening in an organization. It is one of the cardinal rules of "open management" to share the information and knowledge pertinent to the workings of an NGO.

At times information on staff movements are necessary and should be properly depicted in a simple monitoring chart. Information shared on movements of vehicles and personnel help facilitate repetitive efforts or expenditures for the same task.

Information, on projects within the organization over the years, which should be documented and accessed easily, will led to an NGO's "memory bank." This, in turn, is helpful for the NGO as well as for others who want to refer to its activities. This will also dispel fears of NGO motives and help create a better NGO image. NGOs are often perceived as entities with "mysteries" hidden from the public eye. It is important to let a greater audience know about how an NGO works and what its achievements are! Project reports, press releases, newsletters, and magazines are important avenues through which an NGO can project a better image of self and achievements.

#### **X. Development of a Distinct NGO Organizational Culture**

Non-Government Organizations (NGOs) are a unique set or institutions. They are neither government nor private institutions. Hence, NGOs emerge neither because they want to hold political powers nor to amass profit. They are organized around values which revolve around improving the living conditions of all human beings.

Ideally, the organizational ethics of an NGO arise out of these values. Open management, feedback, and constant evaluation characterize good NGO

management. NGOs, at their best, are participatory, yet well-organized and defined.

### **Summarizing the Needs:**

The strengthening of organizational management in the above ten areas are essential for the three categories of NGOs as they take up the responsibility to complement Nepal's development efforts. It is also essential in order for these three groups to help the SHOs for some time to come in training and facilitation.

NGOs need to constantly re-examine their roles and goals. NGOs need to be dynamic and organic institutions rather than fossilized entities. In order to meet these requirements, NGOs must be open to new ideas, open to healthy criticisms and they need to constantly examine their objectives and performance in an unbiased and objective manner. At times NGOs also need to call on external evaluators to help them see if they are on the right track. NGOs need to constantly examine their performance vis-a-vis their mission statement. All these lofty efforts call for extraordinary strength and foresight from NGOs. These are the reasons why it is extremely important for NGOs to have a clear mission statement ... and live up to it.

### **Responsibilities NGOs Can Undertake In Nepal**

Having strengthened their capacity, NGOs in Nepal will be in a better position to embark upon the endeavor of working to improve the lives of the people of Nepal. NGOs are not at a loss to identify the hundreds of tasks which we can carry out for our communities and our people.

Policy makers, bureaucrats, intellectuals and activists argue about the virtues of comparative advantages. There are indeed some real advantages which both the government and NGOs must realize and acknowledge if their future partnership is to be fruitful. Here are some observations:

#### Some Government Strengths:

- \* access to the nation's financial resources and external funding
- \* government personnel are highly trained
- \* government can invest in superstructures such as roads and dams
- \* government has offices and personnel in each of the Nepal's 75 districts

- \* experienced and has mandate for the nation's macro-economic issues
- \* can undertake large scale relief and employment programmes
- \* scientific and technological resources and resource centers

#### NGO Strengths

- \* motivated by a high sense of service, patriotism and idealism
- \* personnel are extremely committed
- \* flexible and can respond to local situations promptly
- \* cost effective
- \* work is done through a spirit of voluntarism or voluntary efforts
- \* NGOs are community based and can empathize with the community
- \* work is often sustainable and long lasting
- \* their "close to the people" reality and approach provides them with intimate local knowledge and the means and methods to address community development issues.
- \* best suited for micro-economic activities at the district and sub-district levels

The Nepalese government has offered fertile ground for the cultivation of a partnership between them and NGOs through favorable legislative reforms. NGOs in Nepal, answering the invitation of the government, must now come forward and play a meaningful role in the development of the nation.

A lot of fear and apprehensions have been generated about NGOs in the past few years. The Nepali press has been, at times, scathing and unkind to NGOs. Often this arose more out of ignorance than well-founded cases of NGO malignancy. At times, NGOs themselves contributed to the fostering of a poor image of NGOs through opulence and visibility in the television and "five star hotel seminar" culture.

With confidence, we can hope that NGOs in Nepal have emerged from the past few years stronger and better equipped to contribute to the nation's progress.

NGOs, now, can cooperate with the district and national authorities in an atmosphere of comparative openness and better cooperation than in the past.

NGOs have also gained better recognition and support from the international community and international projects to work together in Nepal's development. Through their work in Nepal's development, NGOs can help to provide the much needed impetuses to the fatal culture of maile ke garnu sakchu .... or, what can I do? NGOs can promote the idea that individual efforts lead to discernible change in our own life time.

Nepal has a fairly recent history of community organizing. It has also been a closed, conservative and highly centralized country. Nepal's rulers have looked upon innovation and certain amount of liberalization suspiciously. Long years of ingrained suspicion cannot be overcome overnight. NGOs must also examine the Nepali "psyche" and devise workable mechanism to function with the government in power and the civil bureaucracy.

Currently the mushrooming of over 50 different political parties, each with its own confusing ideologies, propaganda, and press, have also added to the burden of NGO credibility. Having analyzed this reality, NGOs must actively work to create public trust with the government, the civil bureaucracy and the public. We must let the government know why we are motivated in the first place; why we work harder; and why we serve in the places that no one else wants to serve.

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