

Asian Development Bank

NGO STRATEGY AND DEVELOPMENT OF A COMPREHENSIVE DATABASE OF DEVELOPMENT FOCUSED NGOs

Prepared By: DIWAKER CHAND, NEPAL
Prepared For: Asian Development Bank

10 March 2002

The views expressed in this paper are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank. The Asian Development Bank does not guarantee the accuracy of the data presented.

ACKNOWLEDGEMENT

The Asian Development Bank recognizes the growing importance of Non-Governmental Organization (NGO) in the process of overall development. ADB is working for better cooperation with NGO community in promoting sustainable development in the region. In line with ADB's policy, Nepal Resident Mission (NRM) had assigned the study on 'NGO data base and Strategy for the future for ADB-NGO Cooperation in Nepal'. The main objective of this consultancy was to assist in preparation of NRM's NGO strategy and development of a comprehensive database of development focused NGOs.

In the process of developing this document the consultant would like to take the opportunity to express its sincere gratitude towards Mr. Richard W. A. Vokes, the Country Director of NRM for his incessant guidance. The consultant is also deeply obliged to Ms. Kathie M. Julian (Senior Programs/Project Implementation Officer) for providing wise counseling and for steering the project towards right direction. It would not have been possible to accomplish this project in time had it not been for the constant support and concern revealed at different stages of development by Ms. Kavita Sherchan (External Relations and Civil Society Liaison Officer). The consultant would also like to express its thanks especially to Mr. Raju Tuladhar and Mr. Govinda Gewali (senior staff members of ADB/NRM).

The Consultant is deeply obliged to all those individuals, experts, opinion leaders, social workers, NGOs, INGOs and government authorities who had extended their precious time by expressing their views and rich experience. Special thanks go to Mr. Ganga Dutta Awasti (Joint Secretary, MOLD), Mr. Ram Krishna Neupane (Coordinator, CNGO), Mr. Bishwo Prakash Pandit (Director, Department of Women Development, Ministry of Women, Child and Social Welfare), Ms. Padma Mathema (NPC), Mr. Raghav Regmi (Coordinator, NGO Development Act), Mr. Prakash Dahal (Advisor, SWC), Mr. Raju Joshi (Director, SWC), Mr. Madan Rimal (Director, SWC), Mr. Basu Dev Neupane (NGO specialist), Mr. Shreeram Shrestha (C-Canada/Nepal) The Consultant also would like to express sincere thanks to Mr. Dhawal Shamsher Rana (Mayor of Nepalgunj Municipality) and to Mr. Durga Raj Sharma (Assistant CDO, Kaski), Mr. Prem Thapa (NGO specialist, Chitwan), Mr. Surya B. Thapa (NGO Federation), Mr. Motilal Nepali (NGO specialist, Banke), Ms. Purnawati Mahat (NGO specialist, Banke), Mr. Indra Lal Singh (UNICEF) and Ms. Sujata Koirala (SKMT, President, Sunsari).

It would do injustice to the project if thanks were not extended to Mr. B. K. Aryal, Mr. Saroj Bastola and to Mr. Om Thapaliya for all their technical and secretarial support provided to this project right from the inception till the wrap-up stage. The Consultant does hope that the present project would, to a certain extent, provide the readers, researchers, the NGOs/INGOs, the donors with some sort of a 'missing link' pertaining NGOs. However, it should be cautioned that the database presented here is just the beginning and should not be treated as a complete document all by itself. The consultant would like to express its gratitude to ADB/NRM for entrusting the consultant to undertake this responsibility.

Diwaker Chand
10 March 2002

NGO STRATEGY AND DEVELOPMENT OF A COMPREHENSIVE DATABASE OF DEVELOPMENT FOCUSED NGOS

CONTENTS

List of Tables

Acronyms Used in the Format

Executive Summary and Limitation of the Study

I. BACKGROUND OF NGOS IN NEPAL

1. Identification of NGOs
2. Evolutionary Pattern of NGOs
3. Definition of NGOs
4. Categorization of NGOs
5. Justification for NGO Database

II. PROJECT DESCRIPTION AND DESIGN

III. REVIEW OF LITERATURE

IV. RESEARCH FINDINGS

A. Kaski District

1. General Introduction
 - 1.0 NGO Based Information
 - 1.1 SWC Based NGOs
 - 1.2 Sectoral Activities of NGOs in Kaski District
 - 1.3 Nature and Pattern of Donors Activities in Kaski District
 - 1.4 ADB's Presence in Kaski District

B. Banke District

1. General Introduction
 - 1.0 NGO Based Information
 - 1.1 Sectoral Activities of NGOs in Banke District
 - 1.2 Nature and Pattern of Donors Activities in Banke District
 - 1.3 ADB's Presence in Banke District

C. Baitadi District

1. General Introduction
 - 1.0 NGO Based Information
 - 1.1 Sectoral Activities of NGOs in Baitadi District
 - 1.2 Nature and Pattern of Donors Activities in Baitadi District

D. Chitwan District

1. General Introduction
 - 1.0 NGO Based Information
 - 1.1 Sectoral Activities of NGOs in Chitwan District
 - 1.2 Nature and Pattern of Donors Activities in Chitwan

E. Sunsari District

- 1. General Introduction
- 1.0 NGO Based Information
- 1.1 Sectoral Activities of NGOs in Sunsari District

V. DONOR-NGO COOPERATION

- A. General Review of INGOs
- B. Status of Working Modality of INGOs
- C. INGOs Funding Pattern and Procedure

VI. DONOR-NGO COOPERATION: LESSONS LEARNED

VII. ADB's INITIATIVES, ROLE, AND INVOLVEMENT WITH NGOS

- A. ADB-NGOs Cooperation: Existing Status
- B. Comprehensive Review
- C. Options and Alternatives

VIII. MAIN FINDINGS

- A. NGOs
- B. INGOs AND Donors
- C. ADB

IX. RECOMMENDATIONS

- A. NGOs/INGOs
- B. Government
- C. ADB

X. EXAMINING NRM DATABASE AND PROPOSED DESIGN

XI. SUGGESTED DATABASE

APPENDICES:

Appendix 1: DATABASE OF NGOS WITH ADB POTENTIALS

Appendix 2: EXAMINING NRM's DATABASE AND PROPOSED DESIGN

Appendix 3: REVIEW OF LITERATURE AND INFORMATION ON NGO DATABASE

ANNEXURES:

ANNEX 1: PROJECT DESCRIPTION

ANNEX 2: STUDY DESIGN AND RESEARCH METHODOLOGY

ANNEX 3: QUESTIONNAIRE FORMAT NGO/ADB/FP

ANNEX 4: QUESTIONNAIRE FORMAT DONOR/ADB/FP

ANNEX 5: QUESTIONNAIRE FORMAT PS/ADB/FP

ANNEX 6: QUESTIONNAIRE FORMAT S/ADB/FP

ANNEX 7: INFORMATION SHEET IS/DP

ANNEX 8: SECTORAL ACTIVITIES OF NGOS BY DISTRICTS

ANNEX 9: SELECTION OF ACTIVE, EFFECTIVE, AND IMPORTANT NGOS BY DISTRICTS

ANNEX 10: NGO/INGO PROFILES

LIST OF TABLES

Table 01	Size and Growth Pattern of NGOs
Table 02	NGO Receiving Grant Support from INGOs
Table 1.0.	Distributive Pattern of NGOs in the WDR
Table 1.1.	Nature and Pattern of Donors Activities in Kaski District.
Table 2.0.	Distributive Pattern of NGOs in MWDR
Table 2.1.	Nature and Pattern of Donors Activities in Banke District.
Table 3.0.	Distributive Pattern of NGOs in FWDR.
Table 3.1.	Nature and Pattern of Donors Activities in Baitadi District.
Table 4.0.	Distributive Pattern of NGOs in CDR.
Table 4.1.	Nature and Pattern of Donors Activities in Chitwan District.
Table 5.0.	Distributive Pattern of NGOs in EDR.
Table 6.0.	Distributive Trend of NGOs in the Sample Districts.
Table 7.0.	INGOs Affiliated with SWC
Table 7.1.	Distributive Pattern of INGOs and Allocation of their Program
Table7.2.	Sector wise Activities of INGOs

ACRONYMS USED IN THE FORMAT

A

ADB	Asian Development Bank
APP	Agricultural Perspective plan

B

BNMT	British Nepal Medical Trust
BTI	Butwal Technical Institute
BTTIA	Butwal Technical Institute Tradesman Association
BYS	Begnash Youth Club

C

CBO	Community Based Organization
CBS	Central Bureau of Statistics
CDP	Crop Diversification Project
CDR	Central Development Region
CDO	Chief District Office
CDP	Crop Diversification Project
CECI	Canadian Center for International Studies and Cooperation
CNGO	Canada Nepal Gender Organization
CODE OF CONDUCT	Code of conduct
COPE	Community Owned Primary Education Program
CPWF	Citizens Poverty Watch Forum
CSD	Center for Sustainable Development

D

DCRDC	Dhaulagiri Community Resource Development Center
DCR	Development Cooperation Report
DDC	District Development Committee
DFID	Department for International Development
DFNGO	Development Focused NGO
DMC	Developing Member Country
DPSC	Development Project Service Center
DUDP	Dhalkho Urban Development Project

E

EDR	Eastern Development Region
ESC	Ecological Service Centre
ESP	Enabling State Program

F

FPAN	Family Planning Association of Nepal
FSC	Friends Service Council
FWDR	Far Western Development Region
FWP	Family Welfare Project

G

GCT	Gopal Charity Trust
GTZ	German Technical Cooperation

H

HELP	Home Employment and Lighting Package
HLF	Himalayan Light Foundation

I

IGP	Income Generation Program
IIDS	Institution for Integrated Development Studies
ILO	International Labor Organization
INF	International Nepal Fellowship

J

JSF	Japan Special Fund
-----	--------------------

K

K-BIRD	Karnali Bheri Integrated Rural Development
KMTNC	King Mahendra Trust For Nature Conservation
KYC	Kalinchowk Youth Club

L

LGP	Local Governance Program
LLNGO	Local Level NGO
LSGA	Local Self Governance Act
LWF	Lutheran World Service

M

MCPFW	Microcredit Project for Women
MLD	Ministry of Local Development
MOTCA	Ministry of Tourism, Culture and Civil Aviation
MOE	Ministry of Education
MOHPP	Ministry of Housing and Physical Planning
MUM	Mahila Upakar Munch
MVO	Machhapuchre Vikas Organization
MWDR	Mid Western Development Region

N

NBK	Nari Bikas Kendra
NCRC	Nepal Red Cross Society
NDA	Nepal Disabled Organization
NDM	National Democratic Movement
NDO	Nepal Dalit Organization
NEFAS	Nepal Foundation for Advanced Studies
NEWAH	Nepal Water for Health
NGOCC	Nongovernmental Organization Coordination Committee
NGODB	Nongovernmental Organization Database
NGOFIA	NGO Financial Intermediary Act
NLNGO	National Level NGO
NPC	National Planning Commission
NPG	Nepal Permaculture Group
NRB	Nepal Rastra Bank
NRM	Nepal Resident Mission
NSTID	Nepal Second Tourism Infrastructure Development

P

PKSF	Palli Karma Sahayak Foundation
------	--------------------------------

R

RDC	Rural Development Centre
RDP	Rural Development Program

RECPHEC	Resource Center for Primary Health Care
RLNGO	Regional Level NGO
RRN	Rural Reconstruction Nepal
RRP	Regional Resource Pool
RUPP	Rural Urban Partnership Project
RWSSP	Rural Water Supply and Sanitation Project
RWSSFD	Rural Water Supply and Sanitation Fund Development

S

SAPPROS	Support Activities for Poor Producers of Nepal
SAGUN	Social Action for Grassroots Unity and Networking
SEF	Save the Environment Foundation
SEDA	Society for Education and Development Activities
SIRDP	Seti Integrated Rural Development Project
SKAIP	Sushma Koirala Asian Institute of Polytechnic
SKMNC	Sushma Koirala Memorial Nursing Camp
SKMT	Sushma Koirala Memorial Trust
SSNCC	Social services national Co-ordination Council
SOUP	Society for Urban Poor
SRA	Society Registration Act
SSP	Solar System Program
SSC	Samaj Sudhar Club
STWASSP	Small Town Water Supply and Sanitation Project
STOL	Short Takeoff Landing
SWC	Social Welfare Council
SSBS	Sarankote Samudaik Bikas Samiti
SYC	Siddartha Youth Club

T

TDF	Town Development Fund
TLDP	Third Livestock Development Project
TIDP	Tourism Infrastructure Development Project
TSRDC	Tripura Sundari Rural Development Centre
TWEP	Tharu Women Empowerment Program

U

UDLE	Urban Development through Local Effort
UNDP	United Nations Development Program
UNCHS	United Nations Center for Human Settlement
UMN	United Mission to Nepal
USC/Canada	Unitarian Services Center

V

VDC	Village Development Committee
VDRRC	Vijaya Development Resource Center

W

WES	Women Empowerment Scheme
WACN	Women Awareness Center Nepal
WDR	Western Development Region

EXECUTIVE SUMMARY AND LIMITATION OF THE STUDY

1. This Study was conducted to provide inputs for Asian Development Bank (ADB)'s Nepal Resident Mission (NRM)'s NGO strategy and for NGO database. ADB aims to prepare profiles of more important, effective, and active NGOs working on ADB-assisted sectors and to understand the potential and challenges of working with NGOs. The Study comprised field-based investigation in five districts from all the five development regions. The selection process was designed to ensure that all types of NGOs from the sample districts are well represented.
2. Rigid parameters were established to define Development Focused NGOs (DFNGOs) in the context of the Study. NGOs identified as efficient DFNGOs were well recognized, prominent, and efficient. The DFNGOs were working in agriculture, energy, micro-finance, infrastructure development, drinking water and sanitation, and tourism sectors.
3. The Study identifies lack of capacity-building amongst NGOs as a factor affecting NGO's growth. NGOs, advocating on technical issues, especially sectors such as drinking water, sanitation, irrigation, technical education, agriculture, lack required level of professionalism, technical know-how, and professional human resources. With rare exception, INGOs and donors prefer working directly with civic groups formed by donors and the communities. Such module would enable them to use more discretion and would involve less external intervention.
4. Projects and programs directly operated by the INGOs/donors proved to be more effective during the operation phase despite higher degree of overheads. But, in general, such programs and projects suffer in the post-operation phase.
5. ADB in Nepal does not have much experience in working with NGOs in comparison to other donors. The few ADB-assisted projects involving NGOs are the Third Livestock Development Project (TLDP), Microcredit for Women Project, and Second Tourism Infrastructure Development Project. The existing funding modality of ADB has created a distance between the Plan formulators and stakeholders. For successful results, it is necessary to build the project/programs in a fully participatory manner. Since there is growing enthusiasm in the NGO community to get involved in the development sector, institutions like ADB could effectively harness this sector. The Study revealed that ADB has as yet not been able to capitalize this asset optimally.
6. Although as a rule ADB works with NGOs only through the governments, it could explore the possibility of acting as an effective intermediary between the NGOs and the government, stakeholders, and private sector. If it intends to participate and intervene seriously in sectors such as environment, poverty reduction, and socio-economic development of the country, it should look into every option and engage civil society and NGOs in particular in its assistance.
7. The limited time made assessing the actual strength and potential of the NGOs in the sample districts difficult. However, effort has been made to depict the existing trend of NGO movement and their carrying capacity in the sample district. The Study has made an attempt to closely observe and assess the potential of NGOs from purely ADB's perception and requirement. The Study, therefore, had to be highly selective while identifying the NGOs for the sample. Most of the NGOs that have been incorporated in the sample are, to a certain extent, working on ADB-assisted sectors. Sample NGO at the district level are, therefore, mostly deemed to be active, effective, and important from district level perspective. If ADB, in the near future, intends to initiate its operation and/or extend its program, it could always look into the possibility of taking these active NGOs. Along with summation of comprehensive

details of the sample NGOs, it has also replenished an updated database of NGOs of the sample districts. With more field-based time in the assignment, a larger and more representative sample size could have been undertaken.

8. The Study, however, has not focused on ADB-assisted projects, which would have enabled the consultant to make a more pragmatic analogical assessment. So far, very limited study has been conducted on NGOs in Nepal. While there are some organizations such as CNGO and NGO-Federation that tried to develop a national database of NGOs for the past three years, they have not issued any printed output/materials. SAP Nepal has developed an NGO database based on sectors and areas where it operates, so it is not useful in the national context. Although SWC has capability to create a database of NGOs affiliated with it, its database contains limited information and lacks proper updating.

I. BACKGROUND OF NGOS IN NEPAL

A. Identification of NGOs

1. Evolutionary Pattern of NGOs

9. The NGO movement had a late start in Nepal. The pioneer in the NGO sector was Mr. Tulsi Meher who, in the late in 1920s, established Nepal Charkha Pracharak Gandhi Smarak Mahaguthi, which was closely followed by Paropakar Ahadhalaya (currently known as Paropakar Samsthan). By the end of the Second Development Plan (1960 – 1963), Nepal had only 15 NGOs. Institutional development of NGOs seemed to have taken place during the mid 1970s. With the establishment of Social Services National Coordination Council (SSNCC), the Government for the first time took initiative to develop a mechanism to regulate NGOs. The Council, which began as an affiliation of 35 NGOs, comprised 125 NGOs by 1988.¹
10. After the National Democratic Movement (NDM) of the 1990s, Nepal witnessed an overwhelming growth of NGOs. SSNCC was dissolved and Social Welfare Council (SWC) replaced it. Promulgation of the new constitution in 1992 provided broader and more liberal space. A multi-party governance structure replaced the Panchayat system. Rights to organize were boldly spelt out in the constitution, and these rights have been optimally exercised by the communities.
11. One of the highest growth rates of NGOs recorded was in mid 1990s, with a growth rate of around 114 NGOs per month.² The democratic environment, with new rights to organize and to form an organization, led to liberalization and relaxation in the process of NGO registration. NGOs were provided with various options to register, with the most popular process being registration with the District Administration Office (DAO) under the Societies Registration Act of 1977. After having registered with the DAO, NGOs were given an option either to retain or sever their affiliation with the SWC. Those registered with the DAO and those retaining affiliation with SWC have reached 13,159.³ However, it is difficult to ascertain the exact size of NGOs registered with the DAO, but not affiliated with the SWC.
12. With the promulgation of the Local Self Governance Act of 1999 (LSGA), the local governments have expressed strong interest in the rights to register NGO as they claim such rights fall within their jurisdiction as vested to them by the Act.⁴ Conjectural estimate regarding the number of NGOs is said to be almost the same amount of NGOs are registered with SWC, and/or even more are said to be in existence. The Ninth Plan Mid-term Evaluation Report estimates the number and size of NGOs registered under various Acts has increased from 15,000 to 30,000.⁵

2. The Definition of NGOs

2.0 Structural Definition

13. Under the Societies Registration Act (SRA), 1977, NGO is broadly defined as an institution embedded with the following attributes:
 - A legal established entity
 - Organized sector

¹ Diwaker Chand, Development through NGO, 1991.

² Sapana Malla, NGO Legislation-Local Aspects, IDLI, Kathmandu, July 2000.

³ Dr. Tika Pokharel, Annual Progress Report-22nd Social Service Day, SWC, 2001, Kathmandu.

⁴ Ain Shrestha, A-Review of Local Self Governance Act-1999, 2000, Pairavi Publication, Kathmandu (in Nepali).

⁵ Ninth Plan Midterm Evaluation, NPC Secretariat, 2002, p.189, Kathmandu.

- Corporate in structure
- Non-profit oriented in nature
- Social service oriented
- Voluntary based
- Autonomous and independent
- Democratic structure (with open forum of membership)
- Community based organization

14. However, due to the liberal process of registration, the growing preferences even amongst the professional organizations, research-based institutions, private sector consultancy firms and even political organizations is to register under the NGO regulation. Time has come for the Government to take decisive action regarding the definition of NGOs, and the types of organizations to be registered under SRA.

2.1 Definition by Size

15. In the context of Nepal, NGOs can also be defined as per their size and sector of operation. NGOs can be classified into three broad categories.⁶

2.1.i National Level NGO (NLNGO)

16. NGOs having operational status in most of the districts of the country number approximately 18 to 20. They are established and institutionalized entities having reasonably a large infrastructure base and fairly sustainable staffing strength. Those falling within this category are NGOs such as Nepal Red Cross Society (NRCS), Nepal Disabled Association (NDA), Nepal Children Organizations (NCO), and Family Planning Association of Nepal (FPAN).

2.1.ii Regional Level NGOs (RLNGO)

17. NGOs that have some forms of activities and/or network in more than one development region of the country. Those falling within this category are NGOs such as Nepal Netra Jyoti Sangh (Nepal Eye Center), SOS Children Village, and Nepal Blind Association.

2.1.iii Local Level NGOs (LLNGO)

18. These are micro-sized NGOs usually working at the grassroots level. Their activities are, typically, confined in and around the periphery of their own villages.

3. Categorization of NGOs

3.0 Categorization by Sectors of Operation:

19. SWC being the apex institution, officially delegated with the authority and responsibility of maintaining coordination of NGO activities in Nepal, has broadly classified the sector of operation of NGOs /INGOs as follows:

- a) Children Welfare
- b) Health Services
- c) Services to the Handicapped and Disabled
- d) Community Development
- e) Women Development
- f) Youth Activities
- g) Morale Development and Environment Protection
- h) Education, HIV/AIDS, and Drug Control

20. Along with the increase in the number of NGOs, the country has witnessed a greater level of diversity in their sectors of operation. Besides the 10 broad conventional sectors, NGOs are found actively involved in:

⁶Diwaker Chand, Non-Profit Sector in Nepal, Charity Aid International, UK, prepared for IIDS, 2001, p.20.

- a) Poverty Alleviation/Reduction
- b) Agriculture
- c) Irrigation
- d) Drinking Water
- e) Sanitation
- f) Population and Family Planning
- g) Heritage Preservation, Protection and Promotion
- h) Gender Mainstreaming
- i) Human Rights
- j) Peace Initiatives
- k) Conflict Management
- l) Infrastructure and Development

3.1 Development Focused NGOs

21. The shift of focus from 'welfare' to 'social development' was made in early 1997. The SRA 1977 was deemed to be inadequate and inappropriate, and a new act to facilitate NGO/INGOs was suggested by NGOs. The proposed Social Development Act (SDA) expanded the scope of NGO work from 'welfare' to 'development' and to 'advocacy'. The proposed Act aimed at separating NGOs, which are not involved in social development. The definition of "development NGOs" as envisioned in the Act was "any short term and/or long term measures, advocating towards the fulfillment of basic needs of disabled, poor, exploited, socially displaced and discriminated community specially children and women and the process towards enabling and empowering them to live a decent, humane and healthy life".⁷ The proposed Act was short-lived and soon shelved.
22. More recently, SWC has taken a fresh initiative proposing a new Act to bring all the NGOs under the Council's rules and regulations and structurally revive the Council, renaming it the Social Development Council (SDC). The Non-Government Institution Act-2002 "will formulate an autonomous and organized institution, the Social Development Council to be led by the Prime Minister and with around 48 members. This new act will totally change the system of registering, monitoring and evaluating NGOs".⁸ The proposed NGSDIA would register all the NGOs, social development organizations, and INGOs that work for local development in any part of the country. Currently, NGOs and other development organizations have been registered under the SRA-1977 with their respective DAO. After the Government passes the proposed Non-Government Institution Act, the SWC will not register sister organizations of political parties, professional organizations, sports, guthis, cooperatives, and foreign friendship or cultural organizations, libraries, associations, clans and other organizations.⁹
23. The proposed Act defines economic and social development as "...activities extending support in the planning process and/or policy formulation being undertaken by the Government, specially towards infrastructure development, construction, management, rehabilitation, research, analytical studies and evaluation and development of premises, and/or activities related to it".¹⁰
24. However, new forms of NGOs are evolving, dealing in sectors not prescribed by the SWC as sectors of operation of NGOs. SWC has classified the NGOs according to the activities being performed by NGOs affiliated with it. The proposed definition presents a problem for those NGOs working effectively in sectors such as agriculture and irrigation, technology transfer, gender balance, people's empowerment, peace initiatives, good governance, income generation, micro-credit, and poverty alleviation.

⁷Social Development Act-1997, SWC.

⁸The Kathmandu Post, 18 Jan 2002.

⁹Ibid.

¹⁰ NGO's towards Social Development Act 2053, SWC, Article 1, clause 2 sub-clause (2).

25. After the adoption of a new policy on cooperation with NGOs in April 1998, ADB defines NGOs broadly as organizations (i) not based in government and (ii) not created to earn profit. The two mandated attributes required for NGO eligibility are broadly accepted in and by most NGO communities and governments. ADB looks at developmental NGOs as voluntary organization, private voluntary organization, or private voluntary development organization; people's organizations; community organization or community based organization; community group or community association; grassroots organizations; intermediary organization; and public interest group.
26. Developmental NGOs can be regarded as private organizations entirely or largely independent of Government, not created for financial or material gain, and addressing concerns such as social and humanitarian issues of development, individual and community welfare and well being, disadvantage, and poverty as well as environmental and natural resources protection, management and improvement".¹¹ The World Bank defines NGOs as "independent entity" (entirely and or largely) free from the government *ceteris paribus*.¹² Similarly, UNDP defines NGO as a "private, voluntary not-for-profit organization, supported at least in part by voluntary contributions from the public."¹³
27. NGOs in the past were welfare-based organizations, geared to deliver charitable services, involved in philanthropic and altruistic activities. However, the Acts did not specifically define NGOs as a "non-profit organization" although the spirit was visibly revealed. For the first time, the concept of "non-profit" has been specifically inscribed in the Social Welfare Act 1992. Article (2) clause (2) defines "social service as activity undertaken individually and/or collectively without any intention of profit".¹⁴

4. Justification for Database

4.0 Size and Volume of NGOs

28. There is no record of NGOs in totality. There is a record of those NGOs affiliated with SWC, but there is a vacuum regarding the over 15,000 NGOs that are not affiliated with the SWC. An effective mechanism has to be devised to bring these NGOs into the mainstream to enable the Government to pragmatically assess the strength and weakness of NGOs in totality.
29. NGOs affiliated with the SWC have now reached 13,159.¹⁵ Looking at the growth rate of NGOs, it appears that the highest record of growth registered during the Fiscal Year 2000/2001 (2056/57). During this period alone, the number of NGOs had reached 11,036, registering a growth rate of 153% using 1998/99 as the base. (Table 1)

TABLE 1: SIZE AND GROWTH PATTERN OF NGOS

Fiscal Year	Pattern of Affiliation	Total Size of Affiliation	Growth Rate
1998/1999	1,411	7,389	NA
1999/2000	1,491	8,882	105%

¹¹Ibid, ADB, 1999.

¹² Michael M. Cernea, Non-Governmental Organizations and Local Development, The World Bank, Washington DC, p.14, 1988.

¹³ Development Cooperation -Nepal, UNDP, 1999 Report, Kathmandu, p.29.

¹⁴ Social Welfare Act-1992 - An Introduction, SWC 1999, Lainchaur, Kathmandu (in Nepali)

¹⁵ SWC, Jan. 2002.

2000/2001	2,165	11,036	152%
2001/2002	2,123	13,159	150%

30. The growth trend of NGOs is escalating. Fiscal Year 2000/01 registered the highest growth rate of 152%, with some 104 NGOs being registered on a monthly basis, which exceeded the previous record high growth rate of 114% in the mid 1990s.

4.1 Sources of Funding

31. Most of the beautiful shrines, rich monuments, and fascinating heritages in and around Kathmandu Valley were built through the institution of 'Guthi'. Guthi, established as early as in 466 AD during the reign of King Mandev I, "primarily came as a step to provide endowments for the upkeep of the temples and domestic observances and rites. Its ultimate effect was to create an institution which tended to keep social groups and their individual members safe from process of disintegration by providing adequate economic sanctions against them".¹⁶ Guthis can be divided into three broad categories:
32. a) "Niji Guthi" (Private Guthis); b) "Raj Guthi" (Government Guthis); and c) "Samudayik Guthi" (Community-based Guthis). These Guthis have contributed extensively towards the development of culture, values, tradition along with physical development of monuments and their maintenance. The intrinsic objective of Guthi is to raise fund from amongst the "Guthiyar" (trustees) and use it under their discretion. The concept of 'ownership' is prominently instilled in Guthis, which has enabled it to survive even after 1,500 years. It still is in operation and is still operating with the same zeal and enthusiasm. Unfortunately, the operational modality of NGOs reveals a different picture. NGOs in Nepal are largely dependent upon foreign sources of funding. Findings of a study on dependency on INGOs assistance over a period of 15 years (FY 1980/81 – FY 1994/95) shows that about 84% of NGOs depend directly upon INGO assistance.¹⁷ There is a massive flow of funds into this sector, but there is no record of the exact amount. Inflow of funds into this sector is speculated to be significant in comparison to the national budget of the country.
33. Due to the lack of an effective monitoring mechanism, the political leaders take the liberty of making speculative statement regarding the volume and size of investments in the NGO sector to a tune of Rs.18 billion.¹⁸ Unfortunately, such statements can neither be supported nor refuted, largely due to the lack of empirical database.

4.2 Carrying Capacity of NGOs

34. There is a general acceptance that NGOs are capable of performing the role of a supplementary, as well as, complementary agencies. Therefore, the local and national governments are increasingly forging partnership with them, as is reflected in the Ninth Plan of the Government and in the LSGA 1999.¹⁹ It is very difficult to generalize the capacity of NGOs based upon some isolated instances. The Government needs to assess the carrying capacity of the NGOs, largely based upon their professional strength; knowledge; nature, quality and pattern of their human resource (staffing strength and volunteers base); financial structure; and governance capability.

¹⁶ D. R. Regmi, Medieval Nepal-Part -I, 1965, p.707.

5.0. Regarding the carrying capacity of NGOs:

¹⁷ Babu Ram Shrestha, Foreign Assistance and Human Development in Nepal - A Review and Analysis, Feb. 1997.

¹⁸ Mr. Hridayesh Tripathy (MP representing Sadvaona Party) made this statement at Pre-NDF Consultation Meeting of 21 Jan 2002, organised by the Ministry of Finance, 2002.

¹⁹ Refer to Article -7 clause 55 of the Local Self Governance Act-1999.

4.3 Accountability and Transparency of NGOs

35. NGOs in Nepal are media shy and this has led to a lot of speculations. There are lots of committed NGOs but there are also NGOs with hidden agendas. The Government should create an environment that would expose good and bad performance of the NGOs. This would inspire the NGOs to make an effort to maintain certain degree of transparency. There are lots of NGOs that have contributed substantively to the communities, but they do not demonstrate what they have contributed. Such NGOs remain non-transparent not intentionally, but largely due to the lack of desire to exhibit their activities.
36. NGOs equate transparency as revealing their activities, and by furnishing such information through the Progress Report, they think they are being transparent. Donor-funded and SWC affiliated NGOs prepare periodic reports but the NGOs not affiliated with SWC need to address the issue of accountability and transparency. The existing structure and mechanism of the DAO does not appear encouraging. Especially, with attention focused on the maintenance of law and order, they are not able to keep records of all NGOs at the district level.
37. According to the SWA 1992 – Article 16 "Any social organizations willing to receive any forms of support (technical, financial and/or any support in kinds) from His Majesty's Government, bilateral government, INGOs, multilateral agencies and from any individual should seek for approval from the SWC, which after consultations with associated ministries and entities, shall give approval within 45 days of the receipt of such request".²⁰ Although this provided ample legal authority to the SWC, it did not use it diligently till 1996. In 1996 Ministry of Home Affairs sent a circular enforcing all NGOs receiving foreign assistance to take a formal approval from SWC. A lukewarm response was exposed by the NGOs securing foreign assistance, who now take approval from SWC.²¹ (Table 2)

TABLE 2: NGOS RECEIVING GRANT SUPPORT FROM INGOS WITH SWC'S APPROVAL

Period	Size of NGOs Making Request for Approval	Total Volume of Support
May 1999 to July 2000	57	Rs.345,670,580
August 2000 to July 2001	113	Rs.727,312,087
August 2001 to July 2002	56	Rs.245,210,081

38. NGOs have received the message clearly that they cannot receive foreign grant and/or assistance without securing prior approval from the SWC. However, the legal measures and Act, all by itself, should not be regarded as a sufficient measure to maintain transparency of funds flowing into the NGO sector. There has to be effective monitoring mechanism, to check the entry of such funds, right at the source. A substantial amount of resource being ploughed into the NGO sector still remains unaccounted for in any of the Government books.

²⁰Act related to manage Social Welfare, HMG, Ministry of Law, Justice and Parliamentary System, p. 16, Nepal Rajpatra Part 2, Section 42. Royal seal fixed on 2049/7/17/2.

²¹SWC, Feb 2002.

4.4 Evaluations and Monitoring of NGOs

39. SWC evaluates and monitors only those NGOs receiving foreign assistance, while for the rest, it depends entirely on the information sent to them through the annual progress report and audit report. The District Administration Office has made it mandatory for NGOs to submit an audit report. Otherwise, the NGO's registration is not renewed.

4.5 Mapping of NGOs/INGOs and their Distributive Pattern

40. Mapping of NGOs reveal that over 61.7% of the NGOs are concentrated in the Central Development Region (CDR) followed by Western Development Region (WDR) with 15%, Eastern Development Region (EDR) with 11.4%, Mid Western Development Region (MWDR) with 7.2%, and Far Western Development Region (FWDR) with 4.7% respectively. Even in the distributive pattern within the development regions, there is a huge disparity. Kathmandu district alone comprises 30% of the total NGOs in Nepal and over 60% of the NGOs within CDR, while remote district like Rasuwa merely comprised 0.19% of NGOs within CDR. Similarly, in the WDR, Nawalparasi comprised approximately 13%, while Manang merely had 0.12% of NGOs. The trend is similar in other development regions too. In the EDR, Morang district consisted over 15%, while remote district such as Solukhumbu consisted 2.2%. In MWDR, Banke comprised 23.4% of NGOs, while Kalikot consisted only 1.7%. Likewise, in FWDR, Kailali district comprised 20.8%, while Dadeldhura had merely 5.7%. (Tables 3, 4, 5, 6, and 7).
41. The trend of INGOs and their distributive pattern is also very similar to that of NGOs. As with the NGOs, over 42% of INGOs are working in the CDR, followed by WDR with 18%, EDR with 18%, MWDR with 12%, and FWDR 18%. Distributive trend from a zonal perspective revealed Bagmati zone alone comprised 26% of NGOs, while Karnali accounted for 2%.²²
42. The distributive trend of both the NGOs and INGOs shows the growing preference of NGO/INGOs to operate in geographical areas with better access and physical facilities than what is generally being anticipated by the Government.

4.6 Operational Modalities and Working Pattern

43. NGO/INGOs take up broad and divergent sectors of operation. Such practice usually dissipates the scarce resources resulting in poor performance. Furthermore, the growing practice of NGO/INGOs to widen their area of operation results in inadequate attention to the needs of the targeted districts. NGO/INGOs are mostly operational, in and around, the of the district headquarters, but have failed to cover the remote VDCs of the districts. There are instances where INGOs are based in a district for over 15 to 20 years, and still have not gone beyond some VDCs of the district.

4.7 Duplication and Overlapping of Programs and Project

44. There are unhealthy competition resulting from duplication and overlapping of programs in the rural area. There are certain districts, where many NGOs/INGOs are working in a particular sector, all focusing on the same program.

4.8 Forging Corporate Partnership

45. NGOs have, as yet, not learned and accepted the concept of corporate partnership. They do not work in networks, but engage in advocacy and implementation on their own. The concept of networking of NGOs has just taken root.

²²NGOs affiliated with SWC and INGOs retaining official agreement with the SWC has only been taken into account.

4.9 Checking the Effectiveness of Service Delivery Aspect:

46. NGO/INGOs with their independent, autonomous and flexible structure have a positive advantage over other entities. Their delivery activities have proliferated the social service sector, however, when it comes to effectiveness and quality control of such services, there are scant materials and tools to verify their impact.

4.10 Setting up a Code of Conduct

47. While there are regulatory mechanisms dictating the functioning of NGOs/INGOs, there is no Code of Conduct to conceptually and morally bind them to work with consensus. Efforts have been made at several quarters, but it has as yet not been formalized and brought into operation. Code of Conduct would require extensive deliberation and consensus building exercises. However, if a Code of Conduct could be enforced it might help towards the settlement of several issues such as, political and religious secularity, politically secular, role and functions of volunteers, relation with the Government, and responsibility towards its beneficiaries.

II. PROJECT DESCRIPTION AND DESIGN

48. ADB in its assignment anticipates developing NGO strategy and a comprehensive database of DFNGOs. The objectives of the Study, therefore, are to (i) identify, define, and categorize DFNGOs; (ii) prepare profiles of more important, effective, and active NGOs working on ADB-assisted sectors; (iii) assess NGO capability to assist in the design/implementation of ADB-financed projects; (iv) understand the potential and challenges of working with NGOs; (v) examine ADB-NGO cooperation in ADB-assisted projects; and (vi) identify best practices in donor-NGO cooperation.
49. The Study is based on secondary sources of information. NGOs were selected on a purposive sampling basis. At least five NGOs were selected from each districts, and at least one district from all five development regions have been selected to maintain an appropriate regional balance per development region

III. REVIEW OF LITERATURE

50. There is a paucity of information on NGOs in Nepal. Yet, there have been no attempts to prepare a holistic database of NGOs. For the first time, the Ninth Plan Mid-term Evaluation provided statistical information on NGOs, based on which the Tenth Plan formulated NGO plans and policies. But, the database used by the Government contains information of NGOs affiliated with the SWC only and does not provide holistic database of NGOs in Nepal. It quotes there are around 30,000 NGOs in Nepal, but provides a database of merely 11,036 NGOs.²³ It is, therefore, absolutely necessary to prepare a holistic database.
51. This Study has reviewed some of the directories and databases on NGOs prepared by various government agencies and other development agencies to prepare a comprehensive database of DFNGOS for ADB. (Appendix I) These directories, however, mainly focus on NGOs with activities specific to a sector.

²³Op.cit, 9th Plan p.188.

IV. RESEARCH FINDINGS

A. Kaski District

1. General Introduction

51. Kaski district with a population of 3,36,483 is one of the most prominent districts in the WDR. Blessed with Annapurna (II, III, and IV) and gorgeous Machapuchare Himalayan peaks, it has been labeled tourist haven. It has Lamjung and Tanahu district in the East, Parbat district in the West, Manang and Lamjung in the North. Kaski district is relatively better off than the other districts of the country, when it comes to basic district level infrastructural development. It is estimated that 71% in the urban and 82% of the rural population have access to drinking water, over 50% of the 48 VDCs have electricity facilities, literacy rate is 57%, and 32% comprise urban population.²⁴ Life expectancy on an average is over 65. The population growth is around 2.81 and the doctor population ratio is 1:5,744.²⁵

1.0 NGO Based Information:

52. According to DAO, 1,038 NGOs had registered by 23 January 2002 with over 50% comprising mothers organizations and youth clubs. DAO, however, does not view NGOs positively. They have strong reservations regarding the NGO's source of funding and activities. They identify NGOs such as Sidhartha Development Society, Butwal Technical Institute Tradesmen Association, Machapuchare Bikas Sangh, as good NGOs. These NGOs have managed to institutionalize their organizations. Sidhartha Development Society has also acquired its own property and is running sustainable programs on micro-credit.

1.1 Social Welfare Council (SWC) based NGOs

53. WDR is second to CDR in the number of NGOs. It has 1744 registered NGOs, of which only 223 were affiliated with SWC in Kaski district till 2001. (Table 3).

TABLE 3: DISTRIBUTIVE PATTERN OF NGOS IN WDR BY 2001

(Those retaining affiliation with the SWC)

<u>Manang</u>	<u>Myagdi</u>	<u>Baglung</u>	<u>Parbat</u>	<u>Mustang</u>	<u>Kaski</u>	<u>Lamjung</u>	<u>Gorkha</u>	<u>Syangja</u>	<u>Tanahu</u>	<u>Gulmi</u>	<u>Argakhachi</u>
6	23	118	94	2	223	115	236	74	158	79	69
<u>Palpa</u>	<u>Kapilbastu</u>	<u>Rupandhei</u>	<u>Nawalparasi</u>								
80	79	155	233								

54. Besides Gorkha and Nawalparasi districts, which contains 236 and 233 NGOs affiliated with SWC respectively, Kaski district ranked third on the list when it came to the size of NGOs affiliated with SWC in the WDR.

1.2 Sectoral Activities of NGOs in Kaski district

55. Irrespective of DAO's perception that over 50% of NGOs were found involved in women and youth based activities, an overwhelming number of NGOs in Kaski district are involved in community development. About 45% were involved in community

²⁴Nepal District Profile, National Research Associates, Nepal, Third edition, 1997, p. DP 426-424, published by Mrs. Geeta Rimal for NRA.

²⁵Op.cit, p.97, Health in Nepal.

development, followed by 21% in youth activities. Only 7% were involved in women based activities, including mother's club and organizations (Annex 8).

1.3 Nature and Pattern of Donors Activities in Kaski District

56. There are around a dozen donors operating in Pokhara who are supporting social development activities, either through the government line agencies, CBOs or NGOs (see Table 3.1)

TABLE 3.1: NATURE AND PATTERN OF DONORS ACTIVITIES IN KASKI DISTRICT

Name of Donors	Counterpart NGOs	Total Amount (in \$)	Sector	Remarks
1. Habitat for Humanity	Nepal Habitat for Humanity	367,000	Community Development	7 districts
2. Family Care International	Family Volunteer Service	40,000 per annum	Disabled	3 districts
3. The MBC for Medical Research	Hepatitis Concern Nepal	213,822	Health	3 districts
4. Heifer Project International Incorporation		131,000	Agriculture	3 Development Regions.
5. Child Welfare Scheme	Child Welfare Scheme Nepal	133,682	Child	2 districts
6. Vision National Foundation	Nepal Association for the Welfare of the Blind	188,035	Disabled	Only for Kaski
7. Wales Gurkha Village Aid Trust	Divyajyoti Youth Club	152,276	Community Development	2 districts
8. Water Aid UK	Nepal Water for Health	6,134,931	Health	Throughout the country.
9. Development Fund Norway	Machapuchare Development Organization	163,929	Community Development	4 districts
10. The Reyukai Nepal	Reyukai Nepal	102,739	Community Development	Throughout the country.
11. Friends of Pokhara Hiroshima	Pokhara Hiroshima Cooperation Association	20,947	Social service	2 Municipalities

57. United Mission to Nepal (UMN) and INF have been stationed in Pokhara for sometime. UMN has been operating Rural Development Centre (RDC), while INF has been providing assistance to the education and health sector. SAP Nepal has a regional network in Pokhara and is supporting about seven NGOs directly. It is also involved in empowering other NGOs in the district.

1.4 ADB's Presence in Kaski District

58. ADB has adopted an innovative strategy by working in partnership with the Pokhara Metropolis, including, the Environment Development Program under the First Tourism Infrastructure Development Project (FTIDP).
59. ADB is highly concerned about preserving the environment of this district, particularly that of Pokhara which is visited by over 100,000 tourists annually. Phewa Lake, which is the biggest attraction of Pokhara, has shrunk 4.4 sq. km by 1999, the reason being constant sedimentation due to uncontrolled disposal of garbage in the lake. Engineers working at Phewa Lake claim at least 1.5 lakhs metric tons of mud and pebbles are being deposited in Phewa Lake annually from various sources.²⁶
60. The Municipality takes great pride, both in the landfill site and urban sewerage facility being built through ADB support. The hoteliers and restaurateurs praise both the components. However, local politicians, especially, those at the District Development Committee (DDC), are not very happy. They accuse the Municipality of not organizing required level of public debates and discussions. They blame the municipality for being short sighted in not incorporating the provision for installing recycling plant at the landfill site. They claim that in the absence of recycling plant, the lifespan of the landfill site will be only 10 to 15 years, and the problems will resurface again. In general, the stakeholders are content with the landfill site, which previously was being occupied by over 3,000 squatters, who have now been evacuated. The stakeholders candidly express that it is better to have a landfill site than be surrounded by host of hostile squatters.

B. Banke District

1. General Introduction

63. Banke district lies in the MWDR with Dang and Salyan districts in the East, Bardia in the West, Surkhet and Salyan in the North and Uttar Pradesh (India) in the South. It has one municipality and 46 VDCs. Topographical distribution of land reveals that the district has a vast stretch of forest, which accounts to almost 70% of the total land area, while only 21% of the land have been used for cultivation. Compared to other districts, Banke is far more affluent. Of the total population of 335,943, about 90% in the rural and 33% in the urban area have access to drinking water and almost 64% of the total population has access to electricity. Nepalgunj is the districts headquarters.²⁷ The integrated development module had covered MWDR in the mid 1970s. Karnali - Bheri Integrated Rural Development Project (K-Bird) encompassing Humla, Dolpa, Mugu, and Kalikot was initiated through the 3,543,357 Netherlands guilder grant support from the Netherlands. The 3.5% population growth rate in Banke is comparatively higher than most of the other districts. Literacy rate is 34.6% and the doctor population ratio is 1:9,213 while the life expectancy is over 65.²⁸

1.0 NGO Based Information

64. The distributive pattern of NGOs in the national context reveals that MWDR lags behind, both in terms of size and activities of NGOs. It comprises around 7% of the NGOs in the national context. Banke ranks second to Dang, which comprises 23% of NGOs in the MWDR. Banke comprises almost 17% of the NGOs of the region. (Table 4)

²⁶The Himalayan Times, Kathmandu, Feb. 13, 2002

²⁷Op.cit p. DP559-561, Nepal District Profile.

²⁸Op.cit.p.133, Health in Nepal.

TABLE 4: DISTRIBUTIVE PATTERN OF NGOS IN MWDR

Humla	Mugu	Kalikote	Dailekh	Surkhet	Bardiya	Jumla	Jajarkote	Banke	Salyan	Rukum
25	16	34	35	89	98	17	30	129	49	30
Dang	Pyuthan	Rolpa	Dolpa	Total						
200	30	28	29	839						

66. Of over 300 NGOs registered with the DAO, 54 are in the Nepalgunj Municipality. One hundred and twenty nine NGOs are affiliated with the SWC, while about 43% of the NGOs retain nonaffiliation with the SWC.

1.1 Sectoral Activities of NGOs in Banke District

67. In the early 1990s, Banke had only 12 NGOs. The majority of NGOs in Banke are involved in community development programs (66%), followed by women development (12%), environment (7%), youth activities (6%) and others. (Annex 8)

68. There has been a vertical growth in both, the size and volume, of NGO involvement in the women development sector in Banke. Banke has, for decades, been a victim of the social anomalies in the forms of bonded labor (which is being addressed recently) and that of Badinis (voluntary prostitution), which had been overlooked and accepted as a part of the regular social practice. However, with the NGOs getting aggressively involved in exposing and addressing social anomalies such as domestic violence, different forms of social and economic exploitation, gender discriminations and human rights violation, women development have attracted quite a number of NGOs as is revealed from their involvement (Annex 8).

1.2 Nature and Patterns of Donors Activities in Banke District

69. There are around 12 donors actively involved in Banke with inclination towards the issues concerning 'Kamaiyas' (bonded labor) and 'Badinis' (forced prostitution). (Table 4.1)

TABLE 2.1: NATURE AND PATTERN OF DONORS ACTIVITIES IN BANKE DISTRICT

Name of Donor	Counterpart NGO	Amount (In \$)	Sector	Remarks
1. Habitat for Humanity Institute	Nepal Habitat for Humanity	367,000	Community Development	5 districts
2. PLAN International		3.33 million	Child/Community Development	28 VDCs in Banke
3. Swiss Red Cross	Nepal Netra Jyoti Sangh	611,694	Health	
4. Korean Evergreen Hosana	Nepal Hosana Samajik Sewa	116,000	Child	
5. Lutheran World Service		4.3 million	Community	6 districts
6. United Hands to Nepal	United Hands to Nepal	294,194	Community	20 districts
7. CECI	CECI Nepal	1.12 million	Community	5 districts
8. The Reiyukai International	Reyukai Nepal	102,739	Community Development.	Throughout Nepal

70. Besides these donors, there are others such as International Labor Organization (ILO) making intervention in the Kamaiya issues. DED is helping the municipality to prepare Directory of NGOs within the Nepalgunj municipality. UDLE/TDF besides extending its support to human resource development for MWDR in partnership with the Municipality, has also extended financial support to procure 5 rickshaws (three wheelers) for collecting urban debris. Furthermore, the Rural-Urban Partnership Program (RUPP) is organizing a 10 days convention in coordination with 50 rural-urban garbage disposal groups. In collaboration with Environment and Cleaning Section it will initiate converting the household garbage into compost fertilizer.²⁹ There are sporadic and ad hoc support being provided by donors/INGOs such as GTZ, Asia Foundation, and Action Aid.

1.3 ADB's Presence in Banke District

71. ADB supported Third Livestock Development Project and the Micro-credit for Women Project are being implemented in the Banke District.

C. Baitadi District

1. General Introduction

72. Baitadi district lies in the FWDR with Doti and Bajhang in the East, Darchula and UP (India) in the West, Darchula and Bajhang in the North and Dadeldhura district in the South. There are 68 VDC and it has a population of approximately 212,421. FWDR has remained neglected both by the government and the donors. The process of growth is very slow, and surprisingly, when the Seti Integrated Rural Development Project (SIRDP) had been envisioned by ADB it had incorporated Bajhang, Bajura, Doti, Acham and Kailali while Baitadi had been left out. The district, as yet, does not have a single municipality. Only 32 % of the total population has access to drinking water in the district. The district is still as remote as it used to be a decade ago. People of this region were forced to travel through Indian territory even to get to different parts of their own country. There used to be a provision of STOL (Short Take Off and Landing) airport facility, which has been discontinued due to the growing insurgency activities in the region. The Kohalpur-Banbasa Highway would be of great significance to the people of this region once it is fully completed. However, due to the growing insurgency problem in the region, people of this district find it safe to travel through India rather than use the Nepalese trail. The district has very poor health infrastructure, which has resulted in poor health services in the district. The life expectancy is recorded to be one of the lowest in the country with below 50 and the doctor population ratio is 1:50,179, while the literacy rate is also relatively very low which is around 36%.³⁰

1.0 NGO Based Information

73. Like other development sector even the spirit and movement of NGO in the FWDR is lowest compared to other development regions of the country (Table 5)

TABLE 5: DISTRIBUTIVE PATTERN OF NGOS IN FWDR

Darchula	Baitadi	Dadheldhura	Kanchanpur	Doti	Bajhang	Kailali	Acham	Bajura	Total
59	92	38	106	67	55	143	62	54	676

74. FWDR comprises only 5% of NGOs in the national context. Baitadi contains about 14% of the NGOs in the district.

²⁹Urban Community Service and Statistical Section, Nepalgunj Municipal Office, 2002.

³⁰Op.cit.p.167, Health in Nepal.

1.1 Sectoral Activities of the NGOs in Baitadi District

75. The sectoral activities of the NGOs seemed to be overwhelmingly dominated by community development (57%), closely followed by youth activities (28%) (Annex 8). Of 108 registered at the DAO, about 83 NGOs are affiliated with the SWC.

1.2. Nature and Pattern of Donors Activities in Baitadi District

76. There are about 20 different donor-supported programs being operated in the district. Most of the projects/programs are on bio-diversity, environment, and infrastructural development closely supported by health and education sector.

TABLE 5.1: NATURE AND PATTERN OF DONORS ACTIVITIES IN BAITADI DISTRICT

Name of Donor	Counterpart NGO	Amount	Sector
1. Action Aid	Thagali Social Development Association		HIV/AIDS
2. DFID	4 NGOs		NPLAP
3. NEWH/DFID	4 NGOs		Drinking Water, Health, Education
4. UNDP	SSDS and several others		REDP, PDDP, MEDEP, COPE
5. SCDP/SGP/UNDP	TVDC		GBCP
6. WEP	DDC		RIDP
7. HELVETAS	Ecards Nepal, DDC		SSMP, BBL
8. IPPF	FPAN		Vision 2000 Fund
9. World Bank	District Irrigation Office		Nepal Irrigation Sector Project
10. DANIDA/NORAD/FI NIDA/UE	District Education Office		Primary Education Project
11. ADB	DDC		Second Rural Infrastructure Project

D. Chitwan District

1. General Introduction

77. Chitwan lies in the CDR and has Makwanpur and Parsa in the East, Nawalparasi and Tanahu in the West, Dhading and Tanahu in the North and Bihar (India) in the South. The district has a total population of around 413,148 and has one municipality and 38 VDCs. The extensive forest reserve has enabled the district to develop wildlife centers and has to its credit the Royal National Chitwan Park, which was declared a World Heritage Site in 1984. It is, therefore, widely acknowledged as one of the finest national parks in Asia. Chitwan was the first forest area in Nepal to be designated the status of a national park as early as in 1973. At least 485 different species of birds and 43 species of animals have been recorded in Chitwan.³¹ It has basically developed as the third potential tourist destination of Nepal, just ranking behind Kathmandu and Pokhara. Centers like Naryanghat functions as a significant trade junctions and an opening to the terai towns. Bharatpur, the districts headquarters, is gradually converting into a vibrant medical town with several hospitals and medical colleges, while Devghat is regarded as an important pilgrimage for the Hindus.

³¹Eyes on Nepal, Alpine Pocket Guide, 3rd Edition, 2002, p.207.

78. However, only 29% of the total population has access to drinking water, while 57% have electricity facility.³² Chitwan records a very high population growth rate, which is estimated to be around 3%. The literacy rate, which is around 53%, is relatively higher compared to most of the other districts in the country. It has doctor population ratio of 1:11,816 while the life expectancy is over 65.³³

1.0 NGO Based Information

79. There is overcrowding of NGOs in the CDR. Out of the total NGOs affiliated with the SWC, over 61% are in the CDR. NGO's growth trend reveals that there is an overwhelming tendency among NGOs to operate in urban areas. Kathmandu district alone has over 49% of the NGOs in the CDR and almost about 30% of the NGOs in the national context are confined in this district alone (Table 6)

TABLE 6: Distributive Pattern of NGOs in CDR

Rasuwa	Dhading	Sindhupalchowk	Nuwakot	Kathmandu	Bhaktapur	Lalitpur	Kavre	Chitwan	
16	199	167	260	3778	23	506	288	340	
Makwanpur	Parsa	Bara	Rauthat	Dolkha	Sindhupalchok	Sarlahi	Mahottari	Dhankuta	Ramechhap
133	67	163	178	103	156	191	300	368	134

1.1 Sectoral Activities of NGOs in Chitwan District

80. The sectoral distributive pattern of Chitwan is similar to other districts with community development gaining prominence. Over 46% of the NGOs are involved in community development, followed by youth activities with 27% (Annex 8)

1.2 Nature and Pattern of Donors Activities in Chitwan

81. Chitwan is a vibrant place for the donors. There are around 12 active donors/INGOs extending their support and working in the district till December 2001. (Table 6.1)

TABLE 4.2: NATURE AND PATTERN OF DONORS ACTIVITIES IN CHITWAN

Name of Donors	Counterpart NGOs	Total Amount	Sector	Remarks
1. Educate the Children		\$490916	Education	In 4 districts
2. Habitat for Humanity Institute	Nepal Habitat for Humanity	\$367,000	Community Development	5 district
3. Marie Stopes International	Sunalo Parivar Nepal	\$1,90,725	Health	
4. Heifer Project International Incorporation	Heifer Project International Nepal Organization Phase 1	\$1,31,000	Agriculture	3 Development Regions
5. World Education		\$2,00,000	Women Education Distribution	Project no. 2 x 6 6.6.
6. Students Partnership Worldwide		\$7,207,792		7 districts

³²Op.cit, DP 251, Nepal District Profile.

82. Besides these donors, the district is also supported by SAP Nepal, Red Barna, CECI, ICIMOD, Lutheran, UNDP, and German Nepal Help Association.

E. Sunsari District

1. General Introduction

83. Sunsari falls in the EDR with Morang in the East, Saptari and Udayapur in the West, Dhankuta in the North and Bihar (India) in the South. It has a population of 533,945 and has 48 VDCs, out of which two are municipalities. Around 80% of the urban population has access to drinking water, while only 33% of the rural population has some form of drinking water provisions. Access to electricity is very poor. Only around 14% of the total VDCs enjoy electricity facilities. Inaruwa is the district headquarters. Dharan Municipality is situated as a gateway and main trade center for the entire eastern hills and, therefore, occupies a significant position in EDR. The literacy rate is 45% and the life expectancy is estimated to be over 60 while the doctor population ratio is 1:92,696. The population growth rate is 2.96%.³⁴

1.0 NGO Based Information

84. EDR ranks third in terms of the size of NGOs. Morang tops the list with over 15% of the NGOs of the EDR, followed by Jhapa with 13%, Saptari with 12%, and Sunsari with 10%. (Table 7)

TABLE 7: Distributive Pattern of NGOs in EDR

<u>Solukhumb</u>	<u>Okhaldhung</u>	<u>Khotang</u>	<u>Udaypur</u>	<u>Siraha</u>	<u>Saptari</u>	<u>Sankhuwsabh</u>	<u>Bhojpur</u>	
<u>u</u>	<u>a</u>					<u>a</u>		
41	64	67	99	150	210	34	31	
<u>Tehrathum</u>	<u>Dhankuta</u>	<u>Sunsari</u>	<u>Morang</u>	<u>Taplejung</u>	<u>Panch</u>	<u>Ilam</u>	<u>Jhapa</u>	<u>Total</u>
64	48	173	235	35	47	63	198	1559

1.1 Sectoral Activities of NGOs in Sunsari District

85. The trend of NGO sectoral activities in Sunsari is similar to other districts with overwhelming number of NGOs involved in the community development sector. The community development sector comprises over 43.54%, followed by youth based activities with 17%. Unlike the other sample districts there is slightly larger number of NGOs involved in the children's development (Annex 8)

Distributive Pattern of NGOs in the Sample Districts

86. Distributive pattern of NGO in the sample districts revealed that Chitwan had the largest number of NGOs, which comprised as much as 39% of the total NGOs in the sample districts, closely followed by Kaski with 223 NGOs, which accounted for about 25% of the NGOs in the sample districts (Table 8)

TABLE 8: TOTAL NUMBER OF NGOS IN SAMPLE DISTRICTS

Sample District	NGO Registered with	NGOs Retaining	Not Retaining Affiliation
	CDO	Affiliation with SWC	with SWC (in %)
Baitadi	108	92	24%
Banke	300	129	62%
Sunsari	631	173*	73%

³³Op.cit, p.65, Health in Nepal.

³⁴Op.cit.p.39.

Chitwan	439	340**	23%
Kaski	1038	223	79%

* In Chitwan although 439 NGOs registered at the District Administration Office only 58% of the NGOs renewed their registration by 2002.

** In Sunsari although 631 NGOs registered at the District Administration Office only 62% renewed their registration by 2002.

87. There is a large discrepancy in the trend of NGOs affiliation with the SWC. The highest was recorded in Kaski, where as much as 79% were not affiliated with the Council, while the margin was the lowest in Chitwan (23%) and Baitadi (24%). The trend from the distributive pattern of NGOs from the sample districts reveal that over 52% of the NGOs are registered at the DAO, but are not affiliated with the SWC.

V. DONOR-NGO COOPERATION

A. General Review of INGOs

88. Nepal experienced the presence of INGOs in the late 1950s. Few of the first INGOs initiating their operations were the British Nepal Medical Trust (BNMT), International Nepal Fellowship, and International Netherlands Funds. These INGOs, in their early years of operations initiated their activities in the form of an extension project largely operating from India. It was only after the inception of the First Development Plan of 1956-1961, that the country witnessed formal support through INGOs. They began setting up an independent and autonomous establishment in Nepal, and began their operation independently. Those that came in by late 1950s and early 1960s were Swiss Red Cross, New Zealand Red Cross Societies. They started providing financial assistance to Nepal Red Cross Society. In 1957, Save the Children (UK) started supporting and providing technical assistance to the Nepal Children Organization (NCO) under a general agreement. In the 1970's the British Red Cross Society, Oxfam, Swedish Red Cross, League of Red Cross Society entered Nepal. After the formation of SSNCC, there was large inflow of INGOs such as USC/Canada, Foster Parents Plan International, Family Planning International Assistance to initiate their operation. In the 1980s, INGOs like CARE International, Action Aid, Lutheran World Service, Save the Children (USA), had signed an agreement with SSNCC. By the end of 1980s, the number of INGOs having an agreement with SSNCC had reached 49.³⁵
89. Till 24 December 2001, SWC had 103 INGOs affiliated with it and a total of Rs.2.40 billion had been committed by them for the year 2001.³⁶ There is a great diversity amongst the INGOs, largely in the pattern of resource allocation, identification of priority sectors, and operational modalities. Another striking feature of 1990s, in comparison to the past, was the presence of Southern-Based NGO (SBNGO). There is a growing urge to build South-South solidarity amongst NGOs even within the region.
90. There are currently 103 INGOs representing 19 countries working in Nepal in collaboration and under the affiliation of SWC.³⁷(Table 9)

³⁵Op.Cit, p.40, Chand, Non Profit Sector in Nepal.

³⁶Dr. Tika Pokharel, 'Annual Progress Report-22nd Social Service Day', September 22, 2001, Kathmandu.

³⁷International Non-Governmental Organizations under the affiliation with Social Welfare Council, December24, 2001,Lainchaur, Kathmandu.

TABLE 9: INTERNATIONAL NONGOVERNMENTAL ORGANIZATIONS AFFILIATED WITH SWC (FISCAL YEAR 2001/2002)

Country of Origin	Size
Australia	3
Austria	1
Belgium	1
Canada	4
Denmark	2
Finland	1
France	4
Germany	9
Hong Kong	1
Holland	1
Italy	3
Indonesia	1
Japan	13
Netherlands	2
Norway	2
South Korea	3
Switzerland	4
Sweden	1
UK	15
USA	30
United Nations	1
Total	102

91. INGOs are present in almost all the 14 zones. Their distribution pattern is very similar to that of the NGOs with over 43% of the INGOs concentrated in the CDR, closely followed by EDR and WDR with 18%, and the MWDR and FWDR lagging behind with 13% and 8% respectively (Table 9.1). Despite only 102 INGOs affiliated with the SWC, they have over 203 program/project spread out in all the 14 zones of the country.

TABLE 9.1: DISTRIBUTION PATTERN OF INGOS AND THEIR PROGRAM ALLOCATION

Development Region	Nature	As % of
EDR	37	18
CDR	86	43
WDR	37	18
MWDR	25	13
FWDR	18	8

TOTAL	203	100%
-------	-----	------

TABLE 9.2: SECTORWISE ACTIVITIES OF INGOS IN FISCAL YEAR 2000/2001

Sectors of Activities	Number of INGOs	As % of
Children Welfare	17	16.68
Community Development	39	3.25
Handicapped services	7	5.89
Education Development	5	4.90
Women Services	4	3.93
Health Services	39	28.47
Moral Development	1	0.98
TOTAL	102	100%

92. Health services falls under highest priority listing of the INGOs, which occupied 28% of their total activities, followed by children welfare with 17%. However, sectors such as environment, youth services and aids and drug control is not attended at all by the INGOs. (Table 9.2)
93. The investment being made in the NGO sector is far more than what goes through SWC. There are INGOs retaining dual agreement with the SWC and also with different government line agencies. Similarly, there are also provisions where tripartite agreement is signed between the INGOs having an official status either with the Government and/or SWC, with the bilateral foreign government and/or with multilateral agency. There are also growing practices of donor agencies, and particularly the bilateral agencies supporting NGO programs through INGOs, preferably through their domestic INGOs wherever possible. Nepal does not have a regulatory mechanism enabling the Government to monitor foreign contributions such as Foreign Exchange Contribution Act and Foreign Exchange Contribution Regulations in India³⁸, which had been enacted to "regulate the acceptance and utilization of foreign contribution or foreign hospitality by certain persons or associations, with a view to ensure that parliamentary institutions, political associations and academic and other voluntary organizations as well as individuals working in the important areas of national life may function in a manner consistent with the values of sovereign democratic republic, and for matters connected therewith or incidental thereto". The Act entails seeking prior permission and maintaining accounts, and any contravention of this Act is subjected to seizure of accounts or records. Such seizure is made in accordance to Code of Criminal Procedures.

B. Status and Working Modality of INGOs

94. INGOs operating in Nepal can be categorized into three broad categories. These categories are:

1 Extending Technical Support

95. INGOs providing technical support are mostly operating from their country of origin, and, in most cases, do not have any operational entities in the recipient country. Such support is usually extended, as and when, requests are made and are not formally tied up with any individual organizations. Such INGOs either extend technical support on a one-time basis and/or may extend such support on a case-to-case basis.

³⁸The Foreign Contribution (Regulation) Act, 1976, A NABHI Publication, 1991, Edition, India.

1.0 Supporting as Donors

96. INGOs extend support to different communities and/or sectors either through the NGOs and CBOs. The usual tendency of such donors is to identify the project and/or program and support them by either selecting a "partner" and/or leave it up to the discretion of the recipient authorities. Under such circumstances the 'donors' in most of the instances prefer not having an "operational office" and/or "direct linkage" in the recipient country. They operate mostly through their "partners".

1.1 Extending Support Services

97. According to the Article 5 of the SWC Act, INGOs willing to extend support services in Nepal are made to sign a "General Agreement". The general agreement is expected to support local NGOs for their project/programs with prior approval of SWC. INGOs after having signed the general agreement will have to submit project proposal within 3 months from the date of having signed the agreement. The period of the agreement is not to exceed five years.³⁹ INGOs are entitled to operate only after having signed the Project Agreement, which comprises project details such as introduction, objective, activities, implementation modalities, calendar of operation, monitoring/evaluation, reporting schedule, pattern of linkages at the local level, budget estimates, program cost, nature of funding, personnel required, and banking arrangements.⁴⁰
98. INGOs providing support services working in Nepal are found adopting different operational modalities. The modalities are:
- a) Service delivery through partnership basis - INGOs delivering services select partners that can either be NGOs, community based organizations (CBOs), and/or Local Government. Under such modality, the INGOs are expected to work as partners of development, whereby the proportion and level of their involvement largely depend upon the participating "partners" and their capacity. This is considered to be one of the most acceptable models by the NGOs, largely because working in close collaboration with the INGOs provides them with an opportunity to upgrade their experience and enhance their capacity. Once the INGO phases out, projects being undertaken under such modality are handed over to the indigenous partners.
 - b) Service delivery through the discretion of INGOs - INGOs execute project/programs solely through their personal discretion. Under such model, they assume the whole responsibility and undertake the entire management and operation of the project. The inherent anomaly of such a module arises with regard to the "phasing out process". It has become an unresolved problem for most of the INGOs adopting this module, which results into the question of sustainability.
99. The working experience of most of the INGOs, who have been involved in this sector for over a decade and even more, express that they have adopted three specific modules of operation during their tenure here in Nepal:
- a) In the initial years, when the status of INGOs was not clear, they were made to work with the government line ministries. The Government as the working partners did not become workable, largely because the Government appeared to be too weak, and did not have the efficiency to even conduct follow-up of such programs on a regular basis. However, they did have positive advantage working with them, largely when it came to meeting the technical and legal requirements and

³⁹The General Agreement Form-Appendix 6, SWC, January 2002.

⁴⁰The Project Agreement-Appendix 7, SWC, January 2002.

process of facilitation being provided to the project and project personnel.

- b) From the first model there was a shift to "Long-term NGO Partnership " model, which proved to be effective in the early phases, but now the INGOs exclaim "it has started getting thorny, after the national democratic movement". Lacking specific Code of Conduct, NGOs are heavily influenced by politics and are involved in partisan politics. Under such circumstances, the areas where NGOs are supported by the INGOs, have started to narrow down. There is more focus amongst those sectors/areas and group, which fall within the political party's constituency. The recipient groups, in most of the cases, are intentionally selected from amongst their cadres and, thus, social investment being supported by the INGOs were largely seen as being diverted to astringent "vote bank" of the political parties patronizing these NGOs. People's Partnership Model is being experimented by the INGOs. They think this will turn out to be more effective than the previous models, largely because, people themselves are going to be the true beneficiary. They will manage and run the institution the way they want. They would retain the full "ownership" over the project by becoming the members and promoters.

C. INGOs Funding Pattern and Procedures

101. Donors have some criteria and expectations while selecting a good NGO for funding purpose. These criteria are:

1. Origin of the NGOs

102. INGOs put a lot of emphasis towards the origin of the NGOs. There are different sources of origin of the NGOs:

- a) Family oriented, where the entire members of the NGOs are from within the family.
- b) Employment oriented, where NGOs are used as sources of employment.
- c) Opportunity and status oriented, where the intrinsic objective is directed to secure recognition and social status.
- d) Religious oriented, where NGOs are used as an instrument to fulfill religious objective and goals.
- e) Politically oriented, where they have vested political interest.

1.0 Perception of Good NGOs

103. INGOs and donor community at large strongly hold that although there has been huge increase in the size of the NGOs, the country, as yet, has not witnessed proportionate growth in their quality. Therefore, this creates them difficulties in selecting good, active, and effective NGOs. According to donor/INGOs the good, effective, and active NGOs should have:

- a) Democratic structure and functions.
- b) Committed the area of operation, and target groups.
- c) Ability to raise resources internally, at least with efforts demonstrated towards this end.
- d) Coordination capability with the local entities, community and the Government.
- e) Level of community participation and ability for community mobilization.
- f) Accountability and transparency.

- g) Responsible towards the community.
- h) Development oriented.
- i) Self motivated, Honest and dedicated.
- f) Compliance with the Government policies.
- g) Self-sustainable.

VI. DONOR-NGO COOPERATION - LESSONS LEARNED

104. The country had around 15 NGOs and very few INGOs working in the social service sector during the Second Development Plan period (1962-65). The number of NGOs after the formation of SSNCC in 1977, was about 35, which by 1990 had reached 219. There were 54 INGOs by then. They were allocating as much as Rs.702 million annually.⁴¹ With over 25 years of working experience, the INGOs have significantly contributed towards the overall development of Nepal. However, there are some INGOs that have excelled in this sector. Although these are low-profile institutions, ADB could share their experience.

A. USC/Canada

105. USC/Canada initiated its operation in 1977. During the earlier period of its operation, it focused on building NGO's capacity. It provided support to NGOs for human resource development, especially, by providing skill training to the women, income generation programs (IGP), children sponsorship, day care center, professional training programs, school construction, livestock development and irrigation. During 1979-80, it had extended Rs.7.2 million for these activities, which were distributed in 14 districts of the country.⁴² There were very few INGOs such as USC/Canada, who believed that NGO's capacity had to be built before they are mobilized. USC/Canada gradually shifted its approach and began initiating activities in the most remote districts like Humla and Sindhuli. It adopted the same model of enhancing the community and the NGOs, and later undertake program entirely through their participation. It has been working with the NGOs and the community in innovative sectors, especially, for the NGOs, such as micro-hydro in Humla; seed-bank, a part of seed-for survival, a mission of USC/Canada; river training and management in Sindhuli; construction of green-house for vegetable production in Humla, along with environment preservation, eco-tourism, gender based program, agro-development; and use of computers for the blind through Braille-computer designing. It has been promoting and forcefully using saving and credit mechanism as one of the effective methods of generating rural capital formation and mobilization. It strongly believes in developing local resource mobilization and management skills.

106. USC/Canada is working with an annual budget of Rs.10 million on an average, including its program in 5 districts of the country and administrative expenses. It has a very small pool of highly trained team of staffs led by highly committed and dedicated Country Director. Compared to other INGOs, USC/Canada has limited resources and human resources. But, it far outweighs and excels most of the INGOs in Nepal, in terms of delivery. It has managed to set an excellent example by providing initial boost to unknown and insignificant NGOs in and around its

⁴¹Op.cit, p.108, Chand, Development through NGO.

⁴²Reflection of Activities of Social Organizations affiliated with SSNCC and its Co-ordination Committees covering 8 years period (1977-1985), SSNCC, Bhrikuti Mandap, 1985.

project area and turning them into vibrant and center of excellence in its area of operation and the region. Some NGOs it has empowered are Mother Uthan Munch (MUM), and Nepal Dalit Organization (NDO). MUM had initially received support from USC/Canada in 1994. These are one of the most successful NGOs in the region and have managed to generate over Rs.1.5 million as saving deposit (entirely through their own resources) and are the first institution to become a Financial Intermediary (FI) in the region. Similarly, NDO is being supported by USC/Canada since 1998. It has inculcated governance skill and provided them with the confidence to maintain accounts, operate IGP and form saving and credit groups. The shy and submissive 'Dalit' community has now gained the confidence and has been confidently integrated in the society. The credit goes to USC.

B. Educate the Children (ETC)

107. Very few INGOs have revealed as much commitment as ETC in educating a girl child. It initially came with limited resources to help girl children in remote districts of Nepal. ETC initiated its program in Rasuwa and later expanded it to Nuwakot, Chitwan and Kathmandu since 1996 onwards. Its annual budget is around \$60,000.
108. Its achievement lies in generating awareness, which were previously missing in these districts. In remote districts like Nuwakot and Rasuwa, ETC has been motivating the girl child largely amongst Tamang community. Almost every Tamang girl child in the selected VDCs of these districts going to school. Such extensive response and growing rate of enrollment of girl child posed space shortage in the schools of these VDCs and they approached ETC for help. Although it did not possess the required resources, it somehow managed to help construct over 30 schools. The nature of this program is fully product based and has been fully sustainable. The target groups are demanding post-school scholarships for girl children. If programs are prioritized as per the need of the community, a slight motivation and limited resources can also accomplish a lofty mission as has been revealed by such a small INGOs like ETC.

C. Water Aid

109. Water Aid has been providing financial and technical support to Nepali NGOs undertaking water, sanitation, and health education projects in rural areas since 1987. One of the qualities of Water Aid is adapting to the local conditions and development of appropriate technology at a low cost. The other strength of this organization is combining safe water supply with sanitation and hygiene education. Nepal Water for Health (NEWAH) is a national NGO established with the help of Water Aid in 1992 and is Water Aid's sole partner in Nepal. NEWAH has now grown to be a fully independent agency with funding from a variety of sources, although Water Aid continues being the largest contributor. It has grown to be the largest NGO specializing in the water sector in the country. Water Aid encourages partnership development, so as the consequence, even NEWAH, has managed to forge partnership with local NGOs, small farmers groups, women credit groups, and community groups to implement its projects. This has now spread throughout the country. On an average, NEWAH implements over 50 projects a year, and reaches out to over 5,000 from an initial target of 150. It has an annual budget of approximately US\$800,000 per annum.

D. Lutheran World Foundation

110. The Lutheran World Federation (LWF) is among the leading INGOs working in Nepal. It has been extending support since 1984. LWF initiated its operation from Baglung, where an integrated package was introduced with water resources as the focal sector in their larger community development package. It is a pioneer in motivating and empowering women, especially, the disadvantaged and socially

displaced. Illam sericulture was an innovative project then, and it was initiated by LWF by mobilizing women.

111. Some of its successful programs, that have given it high ratings in the INGO community, are its effective advocacy programs. In Acham there is still wide prevalence of conservative belief that girls during their menstruation should be kept in isolation. They are, therefore, kept in cowshed for a period of 6 days, where they become vulnerable to infection and usually get sick. Through the Women Empowerment Scheme (WES) it has been successful in gradually abolishing such beliefs. Similarly, in Kailali, the tharu women are usually kept away from development process largely due to the perception that women are incompetent. LWF, through the Tharu Women Empowerment Program (TWEP), assisted the tharu women to form groups and build 1 Km of road. During the process, when the women sought support from their male counterparts, they instead of extending support made mockery of the very proposition.
112. The women proved their point by constructing the road and forbade the men from using the road. LWF has always been forthcoming in providing relief assistance. It had provided timely and significant support during the earthquake of 1988, and is still been supporting the country whenever such incidences occur. However, there is growing reservation that it is gradually deviating from its intrinsic objective and is in the process of undertaking ambitious projects resulting in unproportionate increment in overhead costs. It has a budget of \$4.47 million and is working in 6 districts.

E. REDD BARNA (Norwegian Save the Children)

113. Redd Barna is an INGO implementing various child-centered projects, especially, integrated community development projects in Nepal since 1984. One of the main elements that has led Redd Barna to success in Nepal is its realization of the need to develop human resource right from the mid-1980s. REDD BARNA provided training on health and sanitation, forestry, agriculture/animal husbandry, income generation and infrastructure. It managed to develop a human resource development based firm for their program.
114. It led the innovation by making an intervention in the urban center for the first time in the INGO history in Nepal. The Dhalko Urban Development Project (DUDP) supported by Redd Barna has set an example, which proved to be an experimental program. The program was formulated through the collaboration of stakeholders, NGOs, and donors working in close coordination with the local authorities in a fully decentralized principle. It proved to be a success and ultimately succeeded in forming local CBOs such as Indrayani Youth Club at Poda Tole and Maghaiya Youth Committee at Dhobichaur (Kathmandu). Under the project, they have managed to preserve, repair, and maintain the 'Dhunge Dharas (Stone Spouts), Sattals (Rest Houses), and Pattise (Shelter homes) through local participation. One of the strengths of this project is transferring of ownership of the project to the community themselves. Redd Barna has a total budget of \$100,000 and the project agreement is slated till 2004.

VII. ADB'S INITIATIVES, ROLE, AND INVOLVEMENT WITH NGOS

A. ADB-NGO Cooperation: Existing Status

115. As a general rule, ADB works through the governments of its developing member countries (DMC). Such a practice is responsible for distancing ADB from NGOs and CBOs. However, in 1987, ADB's policy paper on Cooperation with Non-

Governmental Organizations established a broad framework of cooperation between ADB and NGOs and addressed a range of operational and institutional implications. The policy stated that ADB could enhance the effectiveness of its operations through employing the special capabilities and expertise of NGOs. The 1987 policy paper concluded that given the potential contribution of NGOs in operations, it would be appropriate that ADB formulate a strategy and related policies for cooperation with NGOs in selected projects and on a selective basis.⁵⁶ The main objectives of ADB-NGO cooperation stated in the 1987 policy paper were oriented towards addressing the basic needs of disadvantaged groups in DMCs, and supporting improved natural resource management and conservation.⁵⁷

116. ADB in its effort to translate the spirit of 1987 policy, paper introduced the **Microcredit Project for Women (MCPFW)** in Nepal in early 1990s. The loan of \$5 million was extended from ADB's special fund resources to finance the cost of credit and rehabilitation of training facilities along with a grant of \$0.9 million from the Japan Special Fund (JSF) to finance the costs of the group formation and training component, grant of \$2 million from the Government of Norway to finance the costs of institutional support to NGOs, and counterpart fund from the Government of Nepal, the NGOs and the participating banks. The Ministry of Local Development (MOLD) was responsible for the over all program, while the Women Development Division was the executing agency for the group formation, training of women beneficiaries, and the NGO institutional support components. The Nepal Rastra Bank (NRB) was to act as the executing agency for the credit component. The project focused on strengthening the institutional capacity of NGOs and WDD. It was implemented in 12 districts and 5 urban areas.⁵⁸
117. **Rural Micro Finance Development Project**
The Project is designed to provide a sustainable mechanism for rural credit delivery through the use of NGOs, small rural banks, and savings and credit cooperatives. The Project provides a revolving fund on lending to financial institutions and the provision of loans to mainly poor women for farm and non-farm income generating activities. The primary objective of the Project is to improve the socio-economic status of women and increase employment opportunities and microenterprise development through the provision of rural financial services, including a revolving line of credit to finance viable farm and off farm activities.
118. **Fourth Rural Water Supply Project** is one of the ADB-assisted projects where ADB is working with the NGOs. Some 77 NGOs have worked in partnership with DWSS to train local communities on water use, sanitation practices, and minor civil works under the Project.
119. The other project supported by ADB that has NGO involvement is the **Second Tourism Infrastructure Development Project (STIDP)** where King Mahendra Trust for Nature Conservation (KMTNC) was involved as an Implementing Agency. Its role was to implement the eco-tourism component of the Project in the Manaslu area.⁵⁹
120. Recently ADB is encouraging NGOs to actively participate in the proposed **Eco-tourism Development Project** where the Ministry of Culture, Tourism and Civil Aviation (MOTC) is the executing agency, while a team of consultants led by WS Atkins International Ltd., in association with METCON Consultants of Nepal, has

⁵⁶ Op.cit.p.1ADB Cooperation Between ADB and NGOs

⁵⁷ Op.cit, p.11

⁵⁸ Brief Introduction on Micro Credit Project for Women

⁵⁹ Mr. K. R. Pandey, ADB.

implemented the technical assistance. The technical assistance has highlighted considerable activity in the ecotourism sector, including many new partnerships between development agencies, INGOs, and national and local NGOs.⁶⁰

121. **Rural Water Supply and Sanitation Project** is another ADB-assisted project, where NGOs participation is being anticipated. On 12 September 2000, a \$35 million loan was approved for Small Towns Water Supply and Sanitation Project (STWSSP). The Project aims at improving the quality of life of low-income groups in small urban centers through time saving and income-earning opportunities for women improved health conditions and higher rate of school attendance of children. The Project gives greater role to communities and NGOs in direct service delivery while strengthening the Government's capacity to monitor sector performance.⁶¹
122. **The Crop Diversification Project (CDP)** assisted by ADB aims at helping the subsistence farmers to increase their income by diversifying from cereals to cash crop. ADB approved \$11 million for the CDP. NGO's role and participation has been anticipated for social mobilization and training to farmers group, especially for promotion of cash crops based on their marketability.
123. **The Third Livestock Development Project (TLDP)** is a people centered project and, in this respect, differs from earlier livestock projects assisted by ADB. It is highly consistent with the 'pocket/package' approach advocated by the Government under the Agricultural Perspective Plan (APP). TLDP began in 1997 and will be implemented in three phases over a six-year implementation period envisaging in totality around 26 districts. ADB loan component comprises of \$17.55 million, Australian AID \$0.75 million, Government of Nepal \$3.8 million, beneficiaries \$2.3 million, and participating banks \$3.5 million.⁶²
124. The Project defines NGOs as farmers group, association, CBOs, NGOs, private and cooperative organizations. It realizes that indigenous local organizations and NGOs play an important role in the development process of the district. NGOs are developed as its partners in different phases of the project cycle. TLDP largely seem to have four pronged approach to incorporate NGO participation:
 - a) NGOs are used as motivator to mobilize the farmers group; therefore, they play a role of a 'mover'.
 - b) Allocate a role of an 'executing agency' by placing it in the Livestock Action Team.
 - c) NGOs capacities are built and are also provided with an opportunity to be the larger 'beneficiary' of the project.
 - d) NGOs as facilitators in local resource mobilization and providers of microfinance services.
125. As of May 2001, there were 27 CBOs with 29 implemented activities in the CBOs for partnership program in the TLDP, which were spread in 15 districts of the country.⁶³

B. Comprehensive Review

126. ADB, since 1987, is taking initiatives to work in cooperation with the NGOs. In the context of Nepal, MCPFW was probably one of the early models where NGO cooperation had been incorporated. The post delivery reveals that the target groups

⁶⁰ Ibid, ADB News from Nepal-Vol I, No.1.2001.

⁶¹ Ibid.

⁶² Third Livestock Development Project, ADB Loan No.1461-NEP (SF), Project Brochure-198 (Updated, 2000)

⁶³ Mr. Purna Bahadur Chenmjung, Significance, Policies and Program of Department of Livestock Service/TLDP/District Office of Livestock Development Service and NGO Partnership, TLDP, 2002.

being served by the Project are not what had been previously anticipated by the Project. The other issue is with regards to the efficacy of delivery mechanism. The NGO Institutional Strengthening Component was contracted to CECI in association with Coady International Institute (Canada) and No-Frills Consultants (Nepal). Extensive overheads, lack of pragmatic effort to acclimatize themselves with the NGO sector and community, lack of supportive legal framework and base for NGO credit functioning in the country led to the laxity in service delivery modality. However, the concerned authorities that are responsible for steering this Project in a new garb, with the extension order and supportive funding being approved, view it differently. They assert that the Project had been delayed by two years largely waiting for the NGO Financial Intermediary Act (NGOFIA) - 2055 (1999 AD) to be enacted. Since the Act has been promulgated, the Project will be brought into motion with a new spirit and with more confidence. Till date, NGOs involved in the Project have not been able to develop credit worthiness and are facing problems concerning credit recovery.

127. NGOs have been effective in forming groups and large volumes of savings are being mobilized in the rural areas by the NGOs. Credit cooperatives are proliferating and extending their operations in the rural areas. The rural economy, which had remained a closed sector, is gradually beginning to open up to market economy. After the inception of NGOFIA, there is a big rush on the part of the NGOs to secure the status of a Financial Intermediary (FI) from the NRB, which would enable them to legally function as a quasi-bank.
128. NGOs have been provided with an opportunity to participate directly only in TLDP and MCFWP. However, only those NGOs who have been involved in IGP and savings and credit sectors have been included. With regard to STWSSP, NGOs were engaged sporadically and in a very limited number and manner involved in "advocacy". There was a discriminatory working model, whereby in some of the municipalities ADB was working in close collaboration with the municipality as in Pokhara, while in Nepalgunj, inspite of immense desire on the part of the municipality to work in partnership with ADB, they were not taken into consideration. There were complains from the municipalities that most of ADB's funding, especially the STWSSP were confined in and around the CDR and in Kathmandu district based municipalities in particular.

C. Options and Alternatives

129. Projects/programs that have strong element of "ownership" and are truly participatory in nature have proven to be sustainable and, therefore, considered successful. Similarly, donors who have 'first-charge' over the project tend to roll smoothly and have least undulations within the project.
130. Most of the ADB-assisted projects and their funding modalities are either tripartite and/or bilateral in nature. In such projects, there is a distance created between the formulators/planners and the executors/implementers. No matter how good the plans and how good an intention on the part of planners, unless the executors/implementers hold similar objectives, the project may not sail as smoothly as one would anticipate. This is where the success builds on "ownership" where there is first charge over the project. This may not immediately happen with the ADB-supported projects as the role of ADB is merely that of a donor, and is strictly confined to the planning, monitoring, and evaluating the project only. ADB, in most of its projects, does not have a mechanism to directly interact with the stakeholders of its projects. The stakeholders are treated as "back-benchers" whose voices, most of the time, do not reach ADB. Even if it reaches them, it is usually through their partners, which is the government.

131. It would, therefore, always be to an advantage for an institution like ADB to develop a model where they can claim first charge such as "**JAKPASS**" (which now has been transformed into **Rural Water Supply and Sanitation Fund Board Development**), where the "Fund-Board" is given the 'first charge' over the Project. The Board, although chaired by the Secretary at the Ministry of Housing and Physical Planning (MOHPP), has a broad base and wide range of representation comprising of sector based specialists, NGOs, and stakeholders amongst others. The RWSSFD was established through an Ordinance. The Board, although it has the first-charge, does not execute the Project. The stakeholders themselves possess the "ownership" of these projects and execute the project.
132. Similarly, the **RUPP** also has the element of ownership. RUPP came into operation on 7th September 1997 as a joint effort of the Government of Nepal, NPC, MHOPP, UNDP, and MOLD, United Nations Centers for Human Settlements (UNCHS). The program intends to focus its activities on enhancing management capabilities at the municipality, VDC, and community level in 12 municipalities and 28 rural market centers for institutionalizing strong socioeconomic linkages amongst the urban centers, rural market centers and villages.⁶⁴ The Project strives to accomplish sustainable local development only through the participation of local agencies and the community. It holds the principle that the Government effort alone is not enough for rural and urban development, it should be implemented according to the aspirations of local people and from non-governmental perspective.⁶⁵
133. In Nepalgunj, support organization was formed in August 1998. This has been working as Secretariat of Partnership Development Committee to implement the RUPP in Nepalgunj Market Zone. It has developed information system and database, prepared research reports, established information center, and urban and rural market centers. Enterprises development plans, savings and credit schemes, and establishment of human resources development center and communication centers has led Nepalgunj, which used to be a sleepy municipality about a decade ago, to become a vibrant city with lots of innovative programs in pipeline. The level of confidence that has been instilled in them is something worth being noted.
134. The Urban Development through Local Efforts Project (UDLE), which had been jointly carried out by the Government of Nepal and GTZ since the early 1990s was established to help improve the capacity of the local government to plan and manage urban services in collaboration with local communities. The Project has high acceptance level, largely because it has managed to instill in local government that they must take the responsibilities themselves and should not expect the Government to provide for every local need. The Government of Nepal should, therefore, be seen as a resource from which expertise and some finance can be obtained and not as providers of service.⁶⁶
135. Projects/programs formulated and operated by the community/stakeholders have greater degree of sharing, since it possesses an element of ownership. There are more chances of sustainability of such projects compared to projects with "top-down" approach. **Community Owned Primary Education Program (COPE)**, is an undertaking of the Government of Nepal and UNDP in 6 districts in close collaboration with the Ministry of Education and Sports (MOES), DDC and VDC and Enabling State Program (ESP) initiated by DFID.

⁶⁵ Ibid.

⁶⁶ Urban Environmental Guidelines for Nepal, UDLE, GTZ, LUDTC, June 1992.

VIII. MAIN FINDINGS

A. NGOs

136. Rigid parameters were established to define DFNGOs in the context of the Study. NGOs identified as efficient DFNGOs were well recognized, prominent, and efficient. The DFNGOs were working in sectors such as agriculture, energy, micro-finance, infrastructure development, drinking water and sanitation, and tourism, the sectors that ADB is assisting.
137. As against the conventional welfare-approach of NGOs, the Study came across new types of NGOs that were truly devoted to the development sectors. NGOs with a dependable local resource-base are more sustainable compared to NGOs dependent on foreign funding. Therefore, for sustainable development, NGOs need to be conscious about domestic fund-raising. Likewise, NGOs working on IGP, micro-credit, and saving and credit, were relatively more vibrant and active compared to those who were rigidly welfare-focused.
138. The Study identifies lack of capacity-building amongst NGOs as a factor affecting NGO's growth. NGOs, advocating on technical issues, especially sectors such as drinking water, sanitation, irrigation, technical education, agriculture, lack required level of professionalism, technical know-how, and professional human resources. This has resulted in completion of the project lacking adequate quality control, and repair and maintenance facility at the post-operation stage.
139. Advocacy-based NGOs are better organized, closer to the community at the grassroots, and physically more prominent at the district level compared to the service-delivery NGOs. NGOs, in general, were highly ambitious and more active in words than in performance. In many instance, they lacked professionalism, even in the sector they have been involved for a long period of time. NGOs with exposures, through training and/or special courses, were relatively more active and effective in their work.
140. Networking is a popular phenomenon amongst NGOs. The NGOs believe that forming networking would give collective strength. There are two approaches of forming networking: (i) networking amongst homogenous NGOs, and (ii) networking of NGOs with heterogeneous discipline.
141. Despite the provision in the Ninth Plan for collaboration of NGOs and local bodies in compliance with the LSGA, the NGOs, as yet, are not interacting and coordinating comfortably with the local governments, neither at the VDC nor at the DDC level. NGOs still lack confidence in the local government and are not familiar with the LSGA. They have not been able to assess where they stand, and how their roles have been visualized in the Act.
142. NGO's activities and performance are not properly recorded. There is not a single body possessing holistic information of NGOs working at the grassroots level. There is scarcity of information regarding NGOs affiliated with the SWC, while there is a complete vacuum of information regarding NGOs not affiliated with the SWC. Based on the sample study, more than 52% of the NGOs are not affiliated with the SWC.
143. Apart from the women-based NGOs, very few NGOs are gender sensitive. Women-based NGOs, in general, were headed and filled by women members. In the other types of NGOs, women's representation was negligible.

144. Mapping and distribution pattern of the NGOs show NGOs prefer to work in less difficult areas, resulting in the overwhelming concentration of NGOs in the CDR with very few NGOs in FWDR. Likewise, NGOs working in the remote districts prefer to work closer to the district Headquarters. This has left large remote and rural stretches of the districts unattended by the NGOs as yet.

B. INGOs and Donors

145. Projects and programs directly operated by the INGOs/donors were more effective during the operation phase despite higher degree of overheads. But, in general, such programs and projects suffer in the post-operation phase. With rare exception, INGOs and donors prefer working directly with civic groups formed by donors and the communities. Such module would enable them to use more discretion and would involve less external intervention. INGO's projects are more gender-focused and gender-sensitive, than the projects undertaken solely by NGOs.
146. At several places INGOs have continued work for longer duration. They have not been able to develop the level of confidence to phase-out due to the lack of adequate infrastructure and supportive organizational set up to delegate the responsibility.
147. The Study found that larger the size of INGO, both in terms of human resource and investment, lesser the interest in working with NGOs, in particular vice versa. They seem to be more interested in marketing their brand name and in identifying the projects and programs very closely with their institution. With few exceptions, very few INGOs maintain co-ordination with the local authorities at the grassroots level.
148. INGOs affiliated with SWC are more accountable, in terms of their program, activities, and resources, than those not affiliated with the SWC. There is scarcity of information on the activities and resources of INGOs not affiliated with the SWC. This has led to the difficulty in estimating the inflow of resources into the NGO sector.
149. There is a preference amongst the donors to work in collaboration with INGOs than with the NGOs in Nepal. They tend to believe that INGOs have more professional structure, greater carrying capacity, and are more dependable than the NGOs in general. Such belief has led to the allocation of major volume of resources earmarked for Nepal to channeled through NGOs being actually channeled through the INGOs.

C. ADB

150. ADB does not have much experience in working with NGOs in comparison to other donors in Nepal. The few ADB-assisted projects involving NGOs are the Third Livestock Development Project (TLDP), Microcredit for Women Project, and Second Tourism Infrastructure Development Project. The existing funding modality of ADB has created a distance between the plan formulators and stakeholders. For successful results, it is necessary to build the project/programs in a fully participatory manner. Since there is growing enthusiasm in the NGO community to get involved in the development sector, institutions like ADB could effectively harness this sector. The Study revealed that ADB has as yet not been able to capitalize this asset optimally.

IX. RECOMMENDATIONS

A. NGOs/INGOs

151. NGO/INGOs should focus on specific sectors as their priority area of operation, and be a lead agency for that particular sector. By doing so, the programs in the districts will be more efficient. It will also reduce undesired duplication and overlapping. This is an area, which needs to be properly addressed by the Government. The Government may also have to sort out and demarcate priority areas for the NGOs in the future, depending upon their capacity and performance.
152. NGO/INGOs should also concentrate on addressing the needs of one particular district, before moving to other districts. Efforts should, therefore, be concentrated within the VDCs of the selected district first. They should move to other districts only after covering all the VDC's of that particular district.
153. NGOs need to learn to work in partnership with the local community, private sector, local and national governments, and with other NGOs. The concept of such networking is to provide a common platform for NGOs and their partners, with different sectoral specialization, to pool in their experiences and share their expertise for a common cause. Similarly, forging such partnership with the Government may also prove to be judicious. The Government, as per its regular program, may develop hardware, while the NGO/INGOs could provide the 'software'. If the Government builds health centers/posts, the NGO/INGOs should be able to approach the Government with software, to bring these centers into operation in an effective manner. Such module could be replicated in other sectors, on a case-to-case basis.

B. Government

154. The Government should develop monitoring and evaluating tools that highlight the activities of NGOs to ensure transparency and accountability. The DAO needs to create separate unit to handle NGO operations.
155. The Government will have to make efforts to encourage NGO/INGOs to direct their resources to the more deprived and disadvantaged parts of the districts. It should see that NGOs reach the interiors and the remote parts of the districts, and not in and around the district headquarters.
156. There has to be a process for regularly monitoring both, the process and the product of NGO/INGOs on a periodic basis.

C. ADB

157. Although as a rule ADB works with NGOs only through governments, it could explore the possibility of acting as an effective intermediary between the NGOs and the government, stakeholders, and private sector. In particular, ADB should look into every option to engage civil society and NGOs in its assistance. The Study suggests that ADB should look into the possibility of working in close partnership and/or coordination, on priority basis, with these NGOs.
158. ADB must seek different options in compliance to its mission and vision. The changing nature of development should enable ADB to address the pertinent issues facing the country and make every effort to reach out to the truly needy segment of the community right at the grassroots, in an effective manner. All this would entail involving the relevant stakeholders, including civil society groups and beneficiaries throughout the entire project cycle. Mere placements and positioning of NGOs and CBOs at different developmental stages of the project cycle would not altogether help in resolving the issue. Sincere efforts should be made to build the capacity of the stakeholders, and thereby, bestow full ownership in them. ADB should also use

NGOs to conduct preliminary monitoring and evaluation of its program. NGOs could be used as a bridge and/or an intermediary between the ADB and the stakeholders to mediate and discuss relevant issues.

159. ADB should look into Nongovernmental Organization Coordination (NGOCC) model initiated by UNICEF. In mid 1990s, UNICEF realized that it was becoming difficult to maintain coordination and monitor the activities of UNICEF-supported NGOs, whose numbers and sizes were increasing at a very rapid rate. NGOCC was, thus, established with the intention of maintaining coordination, facilitation and strengthening networking of NGOs at the district level. Currently, NGOCC has worked in about 16 districts and are in the process of registering themselves as an NGO to gain more autonomy. UNICEF provides technical support to NGOCC. NGOCC has developed a Regional Resource Pool and database of leading NGOs, especially in sanitation, early childhood development, nonformal and gender issues. Wherever there is a need of a specialist in these sectors, the Regional Resource Pool is mobilized. NGOs are being encouraged to develop their own program. However, the eligibility criteria required to form NGOCC are: (i) ability to form groups; (ii) striving to cover 100% of the operational area; (iii) encouraging group savings and its mobilization; (iv) addressing issues related to the community, (v) mobilization of volunteers; (vi) willing to go into difficult areas; and (vii) addressing gender issues both at program and institutional level.
160. Unlike the other NGO networks such as NGO Federation, a pressure group operational at the National level, NGOCC is operational at the district level and merely functions as a facilitating entity and not as an implementer. This model would be effective to maintain coordination, provide facilitation, develop human resources, and for networking of district level NGOs. ADB should replicate this module at the ongoing and potential project areas. ADB could form networking of CBOs such as users groups, consumer groups, and beneficiary groups, into subsectoral groupings, representing sectors such as water, irrigation, infrastructure development, agriculture, and energy within the VDCs, cluster of VDCs and/or DDCs. One group could be selected and trained to be a lead group. The lead group can act as a "mobilizer" to form other groups. Within the cluster of "lead groups", Resource Pool could be formed as human resource backup for ADB-assisted projects in the region. This could subsidize the cost tremendously in ADB-assisted projects. These entities would be able to raise awareness about the ADB's assistance in the district, which is lacking now, and could also be used to deliver the services.
161. ADB should consider a program similar to Local Governance Program (LGP) of the Government/UNDP/NPC. ADB should develop collaborative module, involving the Government, private sector and NGOs, particularly in the areas of capacity building for NGOs, and ecotourism development. ADB should realize that NGOs, because of their flexible structure, large voluntary base and predominantly non-profit instinct can be a more cost-effective mechanism if used properly.

X. EXAMINING NRM'S DATABASE AND PROPOSED DESIGN

162. Database and its regular update is very important for record keeping, as well as, for prospective planning for any institution. However, the development of database and its designing, to a large extent depends upon the preferences and requirements of the concerned institutions. The Study, therefore, makes an attempt to examine the NRM's existing database and proposes an improvement in its design.

163. NRM's database is based on available information. It uses simple information such as name of the organization, contact person, designations, address, contact number, fax and email. There are some information on the sector of operation and their activities but it is not in the database form. Institutions like ADB needs to maintain a reliable resource center supported by continuous flow of information and reliable pool of database. It needs to install sophisticated software to maintain NGO database. It further needs to develop a mechanism to disseminate its information and provide a window for an access to such information. Most of the institutions are found adopting three pronged strategies. ADB could look into the possibility of implying and inducting those components wherever and whenever required. (Appendix II)

XI. SUGGESTED DATABASE

164. The Study has termed active, important, and effective NGOs as NGOs with 'Potential'. The database, therefore, has included NGOs that have many of the following criteria:
- Self-driven, to a large extent
 - Open base and democratic structure
 - Good relations with the community, and experience of working with community, government, donors, and private sector.
 - Operational program
 - Reliable human resource and a strong voluntary base
 - Recognition at the district level and preferably national level
 - Strong, committed and dedicated leadership
 - Ongoing projects/program at the district level and preferably at national level
 - Good track record
 - Sustainable programs
 - Accountable and transparent
 - Good reputation, at both national and international level.
165. In preparing the NGO database many of these attributes have been taken into consideration. There are far more active, effective, and important NGOs in Nepal, which should have been incorporated here in the database. However, only those NGOs meeting the above attributes have been included and proposed as potential NGOs to work with ADB. Therefore, intentionally, only those NGOs working in ADB-assisted sectors and sectors of preference to ADB, have been encompassed (Appendix III).

