

AI translation of 14.8 Civil Society Section of Karki Report.

14.8. Civil Society

Civil society is a group of free, impartial, and neutral citizens who amplify the voices of those who have no voice in society. Civil society must serve as a governance partner — reaching areas the government cannot, advocating for positive causes, and flagging harmful practices in a changing world. Civil society's role is taken with great importance during major political changes and social events. The government's decision to shut down social media for the Gen Z generation on Bhadra 23 and 24, 2082 BS, and the protests against corruption had brought civil society's voice considerable public attention. However, there is a widespread self-complaint that civil society in Nepal has remained nominal, unable to be truly independent, impartial, and neutral, and has become entangled with NGOs. The problems identified in civil society and suggestions for their resolution are as follows:

Problems Identified in Civil Society:

- Individuals affiliated with political parties have been leading civil society, causing society to be viewed through a politically biased lens.
 - Civil society has become urban-centric, increasingly losing its capacity to speak for the voiceless and marginalized.
 - NGO operators have taken on leadership roles in civil society.
 - Inability to provide neutral and impartial voices.
 - Civil society itself must be ethically upright and of high moral character in order to sustain social tolerance, yet such qualities are found in only a few social activists.
 - Civil society has been unable to advocate for positive work and raise awareness against negative practices.
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Suggestions for Resolution:

- Civil society must become the voice of the voiceless. To that end, there should be a legal provision ensuring that only independent, impartial, and neutral individuals can lead civil society.
- NGOs should be entirely focused on promoting social tolerance and curbing government arbitrariness; it is inconceivable that such individuals would be affiliated with organizations funded by foreign aid. A provision should be made to prevent persons affiliated with other organizations from being part of civil society.
- Conflict of interest laws, as applied in all other sectors, should also be made effective and applicable to civil society.

- For the resolution of disputes arising from protests like those of Bhadra 23 and 24, 2082, and disagreements with the government, there should be a statutory provision for civil society to play a mediating role in dialogue involving both parties.

14.11. Management of Non-Governmental Organizations (NGO/INGO)

The following presents a practical analysis of how NGOs/INGOs establish long-term influence in economically weak and developing nations like Nepal under the guise of initial assistance. It is considered essential to analyze in detail how state decision-making processes, public perception, and institutional capacity are affected through financial dependency, policy direction, technical intervention, information control, and the use of soft power — and then to chart a path toward resolving these problems. There is also a need to identify and implement strategies that Nepal must adopt to protect national interest, policy autonomy, and long-term state capacity.

In principle, non-governmental organizations should be governance partners of the government — operating in areas the government cannot reach, in matters designated as government responsibilities, and as support actors in both public and private sector work. In recent times, however, NGOs in Nepal have been found attempting to run parallel governance, dominating national policy, and since their staff and coordinators have also taken on political and government leadership roles, questions have arisen about the transparency and effectiveness of these organizations. Based on data from various media and regulatory bodies, allegations have mounted that NGOs have been involved in activities such as fomenting unrest to bring about regime change, using confidential internal information, and undermining national identity. Nevertheless, in geographically remote areas and marginalized communities, NGOs have been found doing meaningful work on upliftment and empowerment.

In a politically fragile and developing state like Nepal, external development partners (NGOs/INGOs) exert significant influence over service delivery, policy formulation, capacity development, and the shaping of public opinion. While such contributions can be useful, unregulated or uncoordinated engagement carries the risk of weakening state institutions, distorting national priorities, and undermining sovereignty and policy autonomy.

Nepal's regulatory framework has become increasingly complex because there is no single one-door mechanism for NGO/INGO entry. Some organizations register through the Social Welfare Council (SWC), while many access ministries directly. This creates conditions for weakened regulation, project duplication, reduced transparency, and increased external influence in sensitive areas.

To address this, Nepal must adopt a clear, unified, and effective national strategy to regulate external assistance while strengthening state systems and responsibly harnessing external influence. On Bhadra 23 and 24, 2082 BS, during the Gen Z-led protests against social media shutdowns and corruption, there was extensive discussion in mass media, social networks, and civil society groups about negative incidents in which individuals active in the NGO sector allegedly entered protests without authorization and instigated violence. Based on this Commission's detailed analysis of NGO/INGO entry systems, regulatory frameworks, financial

transparency, policy influence, and impact on institutional capacity, the following problems and suggestions for their effective management are presented.

Problems Identified in NGO/INGO Management in Nepal:

- There is no unified record of how many NGOs/INGOs exist in Nepal.
- Economically weak states lack sufficient internal resources for health, education, disaster relief, social programs, and other services. In such conditions, NGOs/INGOs establish direct influence through grants, technical assistance, expertise, and project operations, creating a state of financial dependency. Although Nepal has bodies and laws for registering and regulating NGOs, the absence of effective regulation and transparent auditing, the lack of a clear national strategy, the growing dominance of donor priorities over national policy, the state's structural dependence on conditional external funding, and the risk of programs collapsing if donors cut off resources all reflect a fundamental weakness in national policy autonomy.
- Donor agencies advance their own priorities — programs related to gender equality, climate change, and migration management are commonly prioritized. NGOs have done notable work in these areas. However, NGOs operating in Nepal have been found conducting programs in line with conditionalities that affect the country's independence, sovereignty, territorial integrity, freedom, and diplomacy. Programs that directly engage in the name of national security and democratic consolidation result in policies being shaped by donor priorities rather than the country's actual needs.
- NGOs and INGOs have been found exercising influence over core state functions — policy drafting, law-making, budget formulation, and impact evaluation — that should be performed by the state machinery.
- In economically weak nations like Nepal, there is a shortage of specialists, policy analysts, data experts, and monitoring and evaluation teams. NGOs have captured technical expertise.
- Many NGO programs directly operate schools, health services, agricultural extension, and disaster relief. When services are not channeled through government mechanisms, the perception grows that it is the NGO, not the state, providing services. This weakens state legitimacy and, in the long term, stunts the development of state capacity.
- When data — surveys, mappings, vulnerability indices, HR reports, ethnic assessments — remains under the control of external actors, donors gain a superior geopolitical understanding and their "evidence" dominates policy-making. In Nepal, data ownership and information centralization visibly remain under the control of NGOs.
- Former NGO/INGO employees go on to become government advisors, secretaries, and technical experts. This creates risks of national policy aligning with donor agendas and increases elite alignment and institutional influence — a phenomenon known as Elite Capture and the Revolving Door.
- Some NGOs/INGOs operate programs without obtaining formal approval from local governments, which: leaves local governments uninformed about project objectives, budgets, or activities; prevents monitoring and evaluation; creates parallel service

systems that bypass state structures; weakens trust between local government and citizens; weakens local governance structures; and leads to a growing NGO-centric service delivery system.

Solutions:

- Regardless of the type of NGO or INGO, registration and approval through the Social Welfare Council (SWC) must be made legally mandatory before entering Nepal and operating programs. This would establish a mandatory one-door mechanism for all NGOs/INGOs.
- Many organizations currently enter directly through ministries, which weakens oversight, increases duplication, and fragments accountability. A unified one-door system would ensure transparency and national-level coordination.
- The capacity, structure, and authority of the Social Welfare Council (SWC) must be strengthened to effectively manage a centralized national database, standardized vetting procedures, due diligence checks, compliance monitoring, and budgetary and regional oversight.
- Every NGO/INGO registration must be renewed annually, with mandatory requirements for certified audit reports, performance evaluations, financial transparency, alignment with national priorities, and recommendations including local government feedback. This will help filter out inactive, unaccountable, or politically motivated organizations.
- All foreign financial assistance entering Nepal must mandatorily disclose source, amount, purpose, project-based expenditure reports, and actual beneficiary lists as preconditions — and special legal restrictions must be enacted for politically or advocacy-related foreign funding. This will protect the state from NGO self-serving agendas, political influence, and financial opacity.
- No ministry should be permitted by law to sign agreements with, approve programs for, or allow projects by NGOs/INGOs without prior SWC approval. This will close backdoor entry and bring all projects under unified regulation.
- The following sectors must be declared "Restricted Sectors" for financial and other technical assistance from the NGO sector, with corresponding implementation: border and border regions; national identification systems; hydropower corridors; critical infrastructure; security agencies; migration/labour intelligence; conflict/security mapping. Any external intervention in these sectors must be prohibited without Cabinet approval.
- Separate licensing systems must be developed for Advocacy NGOs and Service Delivery NGOs. This will effectively prevent the current practice of NGOs using service delivery as cover for political influence or policy direction.
- Any foreign experts should be allowed only in small numbers, for short durations, with clearly defined and confidential scope of work, and restricted access to sensitive data. This must be clearly defined in law and implemented.
- All NGOs/INGOs must operate their programs through the government, and must not be permitted to build their own governance structures. This will further strengthen state legitimacy.

- All raw data collected by NGOs/INGOs must be stored within Nepal, must not be placed on external servers, must require government approval before being sent abroad, and sensitive information must receive special protection — all legally mandated. A Data Sovereignty and Security Act must be enacted immediately for this purpose.
- Since monitoring of NGO activities by various bodies has proven ineffective, it is considered imperative to establish an independent authority to carry out field verification, technical audits, compliance certification, and results-based monitoring.
- All projects must be conducted in coordination with the relevant federal ministry, provincial government, and the local government where programs operate.
- Foreign-supported policy, law reform, and sectoral strategies must receive mandatory approval from a National Policy Review Board.
- Foreign grants to media, youth groups, and activist networks must be strictly regulated — a firewall period must be established during which NGO/INGO grants and activities are halted during election campaigns, protest periods, and sensitive political phases.
- Internal governance of NGOs must be strengthened through: local representation on boards; conflict of interest disclosure across all sectors; annual external audits; public disclosure of administrative expenses and salaries; engagement of national technical experts; and research and policy institutions.
- NGOs may be utilized in the following areas of national capacity building: government training institutions; digital/data infrastructure; long-term investment in service delivery systems. However, any such assistance must come with a clear strategy for replacement within a defined timeframe. As the nation grows stronger, external influence will naturally diminish.
- Legal provisions must require an Exit Strategy, Handover Plan, and Sustainability Plan for every project.
- Legal provisions must prohibit NGOs/INGOs from engaging in: political campaigns; direct intervention in policy-making; electoral influence; security-sensitive mapping; covert data transfer; anti-state activities; disinformation/misinformation campaigns.
- The main objective should not be to remove NGOs/INGOs from Nepal's governance, development, and service delivery, but to ensure they operate in alignment with national interest. As the nation strengthens, external influence will naturally recede.
- It is now time to commission a study on the activities, effectiveness, and impact of NGOs/INGOs and the Social Welfare Council. A channel must be established through which all NGO/INGO funds and programs are registered through a single gateway into the government system (Ministry of Finance). The Social Welfare Council has been found regulating some such organizations; in some cases, Chief District Officers oversee registration under the Organization Registration Act 2034; some register under the National Directive Act 2018 with no monitoring whatsoever; and various ministries have been found allowing organizations to operate and bring in budgets independently — with no attention to monitoring and regulation. The Social Welfare Council itself has not been found to be effective in monitoring and regulating NGO/INGO activities. It was found that programs worth Rs. 60 billion came through the Social Welfare Council — but programs worth Rs. 88 billion were found to have been run by NGOs/INGOs without government visibility. A legal provision must now be made to register, monitor, and regulate all

NGOs/INGOs through a single door. The Social Welfare Council must also be made effective, with appointments to its leadership made transparently on a competitive basis.

- To this end, a committee of experts should be formed to recommend what legal provisions are needed — covering NGO/INGO operations and effective regulation, as well as restructuring the Social Welfare Council — and the government must move toward implementing those recommendations.