

Original Paper

Locus and Focus of Third Sector in Development of Nepal

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Abstract

After state and market, NGO regards as third sector in the field of development. NGO produce positive impact on all dimension in marginalized society of developing country like Nepal. To assess the status of non-governmental organization of Nepal in provincial and district level and to identify their prospects and challenges, this article is prepared as the title “locus and focus of third sector in development of Nepal”. It is mainly based on the secondary data of social welfare council, Nepal. Information regarding objectives was collected through various search engines by simple literature review. The status of I/NGO is found unequal at provincial and district level in Nepal. Bagmati province is in top-most position in terms of number of NGO followed by province-2 and province-1. Karnali province is lowest position in terms of number of NGO followed by Sudur Paschim province and Gandaki province. Federalism requires balance development in intra-province and inter-provinces. Being a vehicle of foreign donors to channel their help to the marginalized communities, I/NGO must play effective roles to solve the problem of people neglected by state and market. The joint efforts of all development partners including I/NGO are mandatory to meet financial sustainability and balanced development in Nepal. The governance system transformed from unitary to federal structure in Nepal. Local, provincial, and federal level governments are facing huge resource gaps to perform their roles and responsibilities. The role and responsibility of development partner including I/NGO are vital to fulfilling these gaps. Easy registration process and weak monitoring system of government as well as lack of transparency in I/NGO are the notable issues to address without delay. To meet national commitment “Prosperous Nepal, Happy Nepali” and to fulfill the target of sustainable development goals, joint efforts of all sector like state, market, I/NGO, cooperative, private sector, international community are mandatory with the visionary and coordinating leadership of federal government of Nepal.

Keywords

third sector, NGO, INGO, development, province, federalism

1. Introduction

In development field, state and market competes with each other to make dominant role. Socialism fosters the role of state to regulate development intervention. Capitalism fosters the role of market to lead development from commanding height. By realizing status, authority, investment capacity, and responsibility, state and market are labeling as first and second sectors in development. There is also third sectors in development field, i.e., non-governmental organizations, which are voluntary by nature. They exist and operate with flexible organizational forms between states and markets mechanism. State is welfare oriented. Market is profit oriented. NGO are service oriented. Through development, state aims to create welfare society. Through development, market aims to create materialistic society. Although state and market have appreciable motto, they excluded different section of society from their circle. To fulfill the gap created by state and market, NGO emerged in development field during 1980s to offer services for needy people, who are bypassed from state and market mechanism. NGO aims to create egalitarian society through development.

NGO is defined as “self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people” (vakil, 1997). Emergence of alternative development practices and growth of neo liberal policies created favorable environment to flourish NGO in the field of development. The appreciative roles of NGO in development activities are catalyst to change, partner of development agencies, and effective implementer of development programs. Private character, unaccountable nature, and untrustworthy result in poverty alleviation are highly pointed critics associated with NGO worldwide. People praise NGO in the field of development due to its flexible nature, cost-effective operation, and innovative character.

NGO performs the role of implementers, catalysts and partners in the field of development. The implementer role concerned for mobilizing resources to offer goods and services to needy people. A catalyst role concerned for inspiring people to become change agent in society. The role of partner reflects to work with government, donors and the private sector on joint activities (Lewis, 2007). Nepal has long history of self help organization to fulfill needs and demands of people. They were religious, social, legal and financial in nature. Nepal’s dhikuri rotating credit groups are age-old institutions in which households pool resources into a central fund and then take turns in borrowing and repaying (Chhetri, 1995).

NGO plays a vital role in all aspects of development. I/NGO plays complementary role in development according to government’s policy. Government of Nepal acknowledges I/NGO as an active and effective development partner. Nepal government introduces I/NGO friendly policy and procedure for

its easy operation. The prime role of I/NGO is to prepare people for accepting, producing and consuming positive change in life. I/NGO perform various roles in development field such as promoter of local resources; social innovator; mediator of people and government; broadcaster of information; advocate of local people; agent of social change; catalyst of people participation; developer and implementer of development programs in Nepal.

2. Objectives

This study has twin goals: a) to analyze the status of third sector in development of Nepal, and b) to explore role as well as strength and weakness of third sector in development of Nepal.

3. Method

This study is mainly based on the secondary data. Data of social welfare council is the source of this study. Other necessary information collected through various search engines by simple literature review. Analysis of data is performing through using tables and figures in descriptive way.

4. Result and Discussion

4.1 Evolution of NGO

NGOs have a philosophy that recognizes centrality of people in development policies. They foster local participation and gave them certain ‘comparative advantages’ over government and public sector elites (Cernea, 1988). Development is a broad term focusing on multi-dimension of human society. As development, NGO advocates the term Empowerment, people participation, gender parity and social capital. Thus NGO are the proper subset of Development. By focusing theories about practice, NGO advocates people—centered development.

Table 1. Korten’s Schema of the Evolution of NGO

Criteria	Generation			
	First (relief & welfare)	Second (community development)	Third (sustainable system development)	Fourth (people’s movement)
Problem definition	Shortage	Local inertia	Institutional and policy constraints	Inadequate mobilizing vision
Timeframe	Immediate	Project life	10-20 years	Indefinite future
Scope	Individual or family	Neighborhood or village	Region or nation	National or global
Main actors	NGO	NGO+ Community	All relevant public and private	Loosely defined networks of people and

			institutions	organizations.
Role	Doer	Mobilize	Catalyst	Activist/educators

Source: Korten, 1990

Table 1 reveals evolution of NGO in different time period as a generational term. It depicts clear picture about the nature, scope, main actors, problem definition and role of four generation of NGO in global perspectives. The NGO of Nepal also follows the global timeframe.

4.2 Role of NGO in the Context of Development Theory

The agenda of development for upgrading pre-capitalist society into modern capitalist society promoted by Modernization theory during 1960s rarely mentioned the role of NGO for the march of progress and prosperity. The agenda of development for peripheral countries to become free and independent from colonized core countries advocated by dependency theory during 1970s realized important of social movements but not NGO for liberation and freedom. Modernization theory and dependency theory rarely acknowledged the role of NGO in development.

The agenda of development for establishing and reforming institution promoted by institutionalism realized the prominent role of NGO for providing services to people. NGO related institution performs better role than State related institution and market related institution in development field due to its non-profit motive and dedicated nature of work done.

Neo-liberalism focused to place market mechanism on commanding height to regulate economy and develop country. It provides a major role of development for market. Market performs its role effectively in democratic society. So, neo-liberalism realized the importance of NGO for establishing democratic society.

The agenda of development as empowerment of grassroots section of people through bottom up approach promoted by alternative theory give more emphasis for NGO. The flexible and dedicated services provided by NGO can improve the grassroots people by promoting meaningful people participation. NGO can support the people, who are being bypassed from state and market. NGO ensures the fair distribution and sustainable use of local resources. NGO has close relation with poor and needy people so it brings positive results on development field.

Multi-sectored participation in development efforts promoted by Sustainable development, Human development, MDGs and SDGs realized the role of NGO in development field. NGO can play effective role than other sectors to create positive impact on certain section of society.

The agenda of anti-development promoted by post-modernism realized that development has western origin. It is another form of colonialism. It does not prescribe any ways to carry out development. Post modernism gives emphasis on local culture and civilization. It ignores the role of NGO due to its negative impacts on local people and culture. NGO and development both play the negative role to

destroy local civilization and sustenance. NGO and development are considering as dynamite for progress and prosperity in terms of local perspectives.

4.3 Status of INGO in Nepal

4.3.1 Provincial status of NGO

Nepal is declared as a federal democratic republic in 2015 officially. It has 7 powerful autonomous provinces and 77 districts. There is unequal status in provinces in terms of various aspects. Karnali province is the largest and province-2 is the smallest in area. Bagmati province scores the highest HDI value (0.66) in 2020 AD, followed by Gandaki province (0.62), province-1 (0.58), lumbini province (0.563), sudur paschim province (0.547), Karnali province (0.538), and Province-2 (0.51). This score proves that there is uneven distribution of development in Nepal.

Figure 1 reveals that out of 50,358 NGOs in Nepal, Bagmati province has large number (51.6%) of NGOs, followed by province-2 (14.3 %), province-1 (8.3%), lumbini province (7.9%), Gandaki province (7.6%) , Sudur paschim province (6.1%) and karnali province (4.2%). Bagmati province has 10 fold more NGOs than Karnali province. Karnali province is highly neglected not only by state and market but also NGO sector.

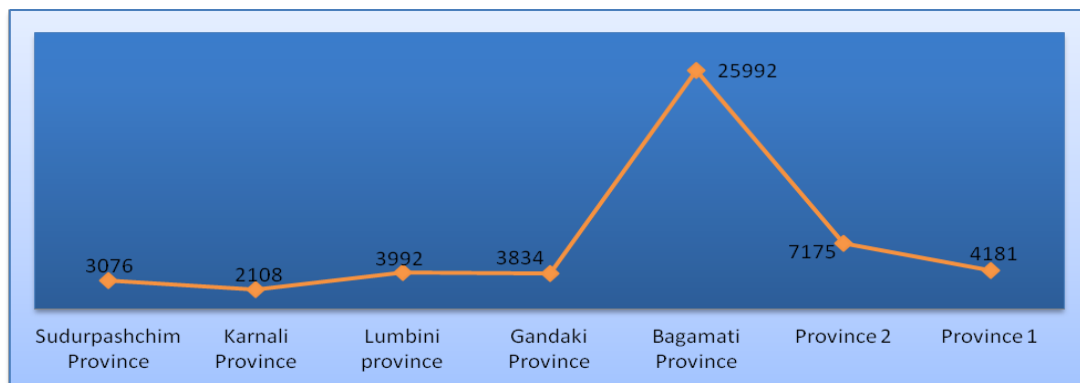


Figure 1. Distribution of NGOs by Provinces in Nepal

Data source: Social Welfare Council

4.3.2 Status of NGO in Province-1

The capital of province-1, lies in the eastern part of Nepal, is Biratnagar. It occupies 18% (25905 sq KM) of the total area of Nepal. Around 17% (45, 34,943) population of Nepal resided in this province. It has 14 districts, 1 metropolitan city, 2 sub-metropolitan cities, 46 municipalities, and 88 rural municipalities.

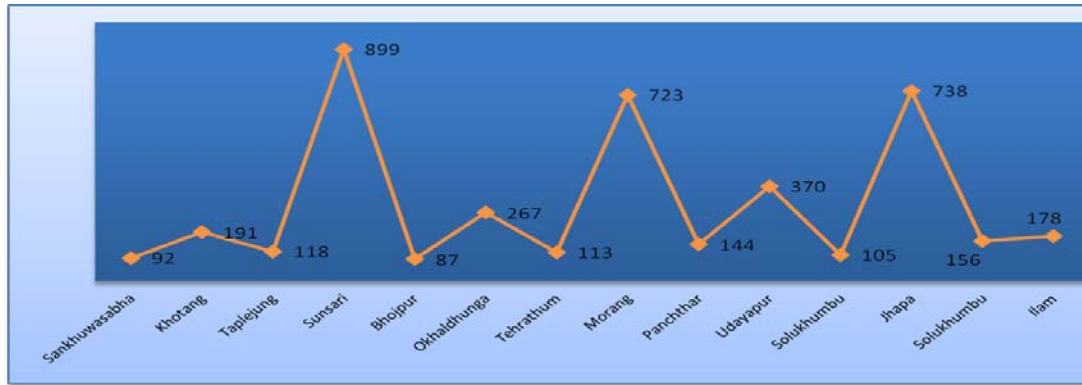


Figure 2. Distribution of NGOs by Districts in Province-1

Data source: social welfare Council

Figure 2 reveals that province-1 has altogether 4181 NGOs operated under the affiliation of social welfare council. Sunsari, Jhapa and Morang are highly developed compared with other districts. In this province, Sunsari district has largest number of NGOs (21.5%) followed by Jhapa (17.6%) and Morang (17.2%). Bhojpur district has lowest number of NGOs (2%), followed by sankhuwasabha (2.2%) and solukhumbu (2.5%).Figure -2, justify that the number of NGOs and status of development is inversely proportioned in districts of province-1.

4.3.3 Status of NGO in province-2

The capital of province 2, the smallest province in terms of area, is Janakpur. It occupies hardly 7% (9661 sq KM) of the total area of Nepal. Around 20.5% (54, 04,145) population of Nepal resided in this province. It has 8 districts, 1 metropolitan city, 3 sub-metropolitan cities, 73 municipalities, and 59 rural municipalities.

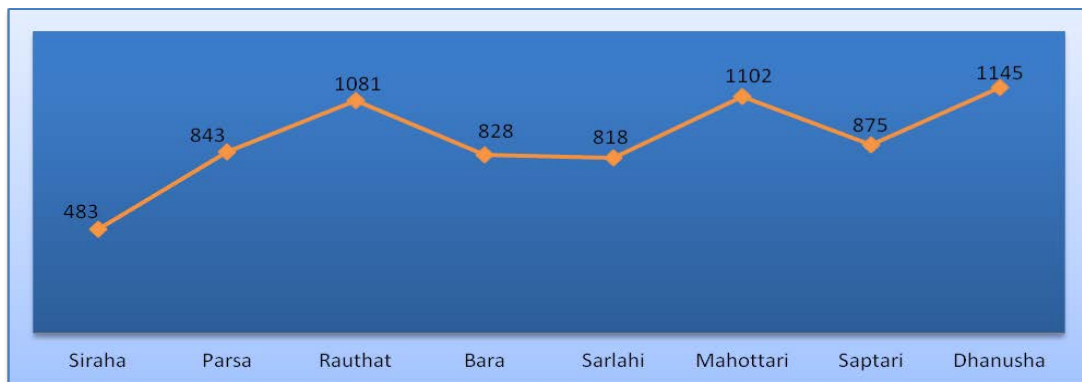


Figure 3. Distribution of NGOs by Districts in Province-2

Data source: social welfare council

Figure 3 reveals that province-2 has altogether 7175 NGOs operated under the affiliation of social welfare council. All districts of this province have homogeneous status in terms of socio-economic and geographical condition. In this province, Dhanusha district has largest number of NGOs (15.9%) followed by Mahottari (15.3%) and Rauthat (15%). Siraha district has lowest number of NGOs (6.7%), followed by Sarlahi (11.4%) and Bara (11.5%). A bitter truth is that the number of NGOs is low in Siraha district, where large number of schedule caste reside.

4.3.4 Status of NGO in Bagmati province

The capital of Bagmati province, the largest province in population, is Hetauda. It occupies nearly 14% (20,300 sq KM) of the total area of Nepal. Around 21% (55, 29,452) population of Nepal resided in this province. It has 13 districts, 3 metropolitan cities, 1 sub-metropolitan city, 41 municipalities, and 74 rural municipalities.

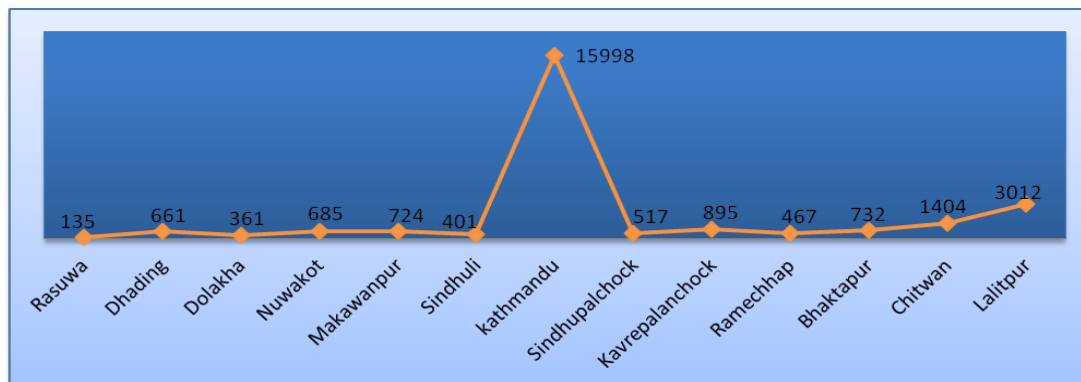


Figure 4. Distribution of NGOs by Districts in Bagmati Province

Data source: Social Welfare Council

Figure 4 reveals that Bagmati province has altogether 25,992 NGOs operated under the affiliation of social welfare council. Except Chitwan, All districts of this province cover hill and mountain regions. In this province, Kathmandu district has largest number of NGOs (61.5%) followed by Lalitpur (11.6%) and Chitwan (5.4%). Rasuwa district has lowest number of NGOs (0.5%), followed by Dolakha (1.39%) and Sindhuli (1.5%). Figure 4; prove that the number of NGOs and degree of accessibility is directly proportionate in this province.

4.3.5 Status of NGO in Gandaki province

The capital of Gandaki province, popular province for tourism, is Pokhara. It occupies nearly 14.6% (21,504 sq KM) of the total area of Nepal. Just over 9% (24, 13,907) population of Nepal resided in this province. It has 11 districts, 1 metropolitan city, 26 municipalities, and 58 rural municipalities.

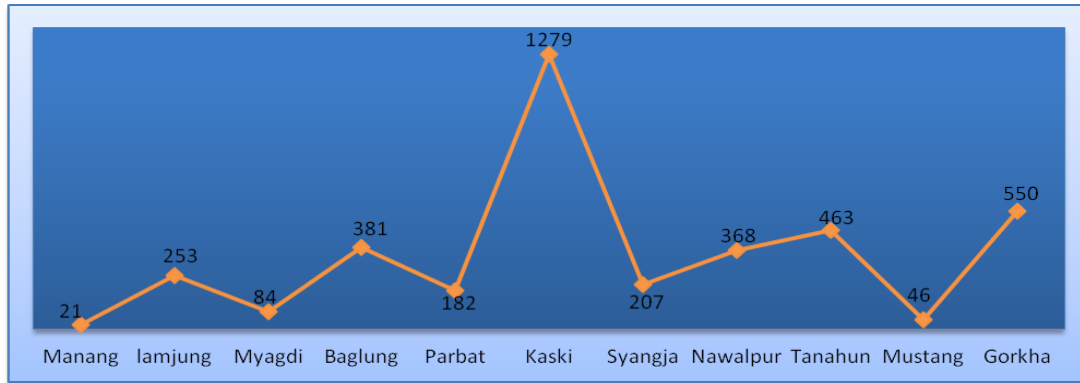


Figure 5. Distribution of NGOs by Districts in Gandaki Province

Data source: social welfare council

Figure 5 reveals that Gandaki province has altogether 3834 NGOs operated under the affiliation of social welfare council. Except Nawalpur, All districts of this province cover hill and mountain regions. In this province, Kaski district has largest number of NGOs (33.3%) followed by Gorkha (14.3%) and Tanahun (12%).Manang district has lowest number of NGOs (0.5%), followed by Mustang (1.2%) and Myagdi (2.2%). Fig-5, prove that the number of NGOs is low in northern belt district, where people have hardship in their livelihood.

4.3.6 Status of NGO in Lumbini province

The capital of lumbini province, birth place of Gautam Buddha, is Bhalubang. It occupies nearly 15% (22,228 sq KM) of the total area of Nepal. Around 18.5% (48, 91,025) population of Nepal resided in this province. It has 12 districts, 4 sub-metropolitan cities, 32 municipalities, and 73 rural municipalities.

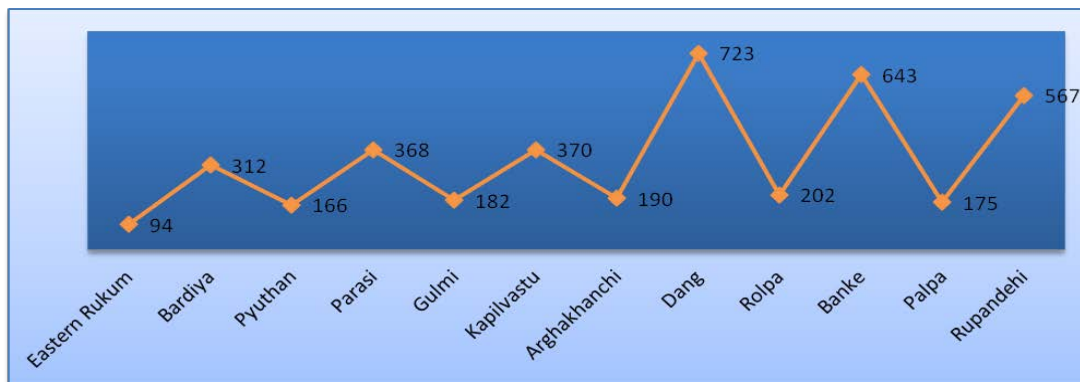


Figure 6. Distribution of NGOs by Districts in Lumbini Province

Data source: social welfare council

Figure 6 reveals that lumbini province has altogether 3992 NGOs operated under the affiliation of social welfare council. All districts of this province cover hill and terai regions. In this province, Dang district has largest number of NGOs (18.1%) followed by Banke (16.1%) and Rupandehi (14.2%). Eastern Rukum district has lowest number of NGOs (2.3%), followed by Pyuthan (4.1%) and Palpa (4.4%). Fig-6, prove that the number of NGOs is high in industrial area.

4.3.6 Status of NGO in Karnali province

The capital of Karnali province, the largest province in area and the smallest province in population is Surkhet .It occupies 19 % (27,984 sq KM) of the total area of Nepal. Only 4.4 % (11, 68,515) population of Nepal resided in this province. It has 10 districts, 25 municipalities, and 54 rural municipalities.

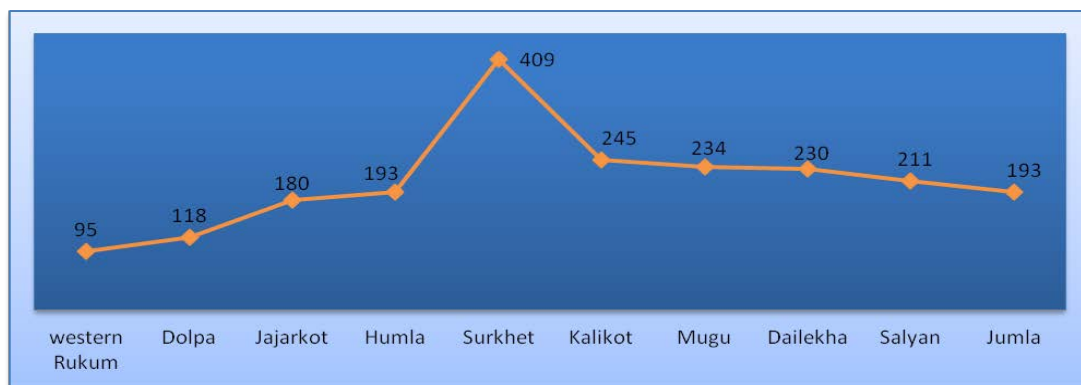


Figure 7. Distribution of NGOs by Districts in Karnali Province

Data source: social welfare council

Figure 7 reveals that Karnali province has altogether 2108 NGOs operated under the affiliation of social welfare council. All districts of this province have homogeneous status in terms of socio-economic and geographical condition. In this province, Surkhet district has largest number of NGOs (19.4%) followed by Kalikot (11.6%) and Mugu (11.1%). Western Rukum district has lowest number of NGOs (4.5%), followed by Dolpa (5.6%) and Jajarkot (8.5%).

4.3.8 Status of NGO in Sudur Paschim province

The capital of sudur-pashim province, lies on far western part of Nepal, is Godavari, Kailali. It occupies 13.3% (19539 sq KM) of the total area of Nepal. Around 9.6 % (25, 52,517) population of Nepal resided in this province. It has 9 districts, 1 sub-metropolitan city, 33 municipalities, and 54 rural municipalities.

Figure 8 reveals that sudur paschim province has altogether 3076 NGOs operated under the affiliation of social welfare council. This province covers mountain, Hill and Terai region. In this province, Kailali district has largest number of NGOs (34.3%) followed by Kanchanpur (14.2%) and Baitadi

(8.9%). Dadeldhura district has lowest number of NGOs (4.7%), followed by Darchula (5.5%) and Bajura (6.6%).

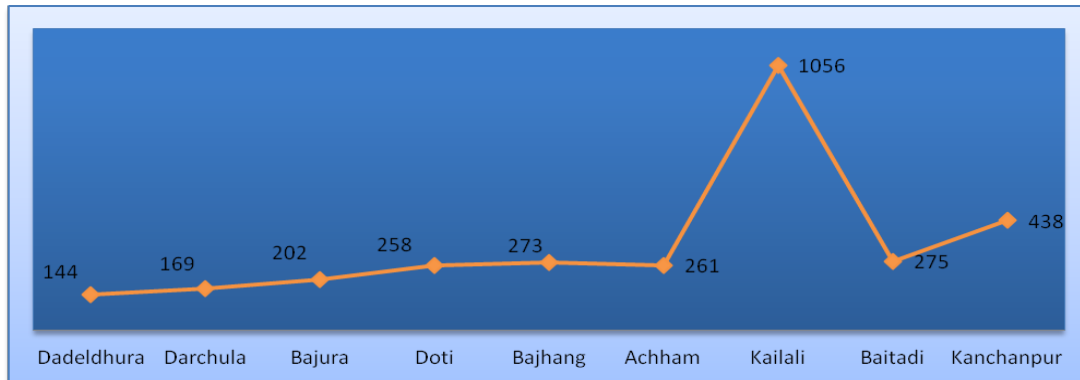


Figure 8. Distribution of NGOs by Districts in Sudur Paschim Province

Data Source: Social Welfare Council

4.3.9 Status of INGO in Nepal

Figure 9 reveals that 245 INGOs are operating in Nepal .They are funded by 29 countries of all continents except Africa. Out of them, 30.6% INGOs are funded by USA followed by UK (15.1%) and Germany (6.9%).

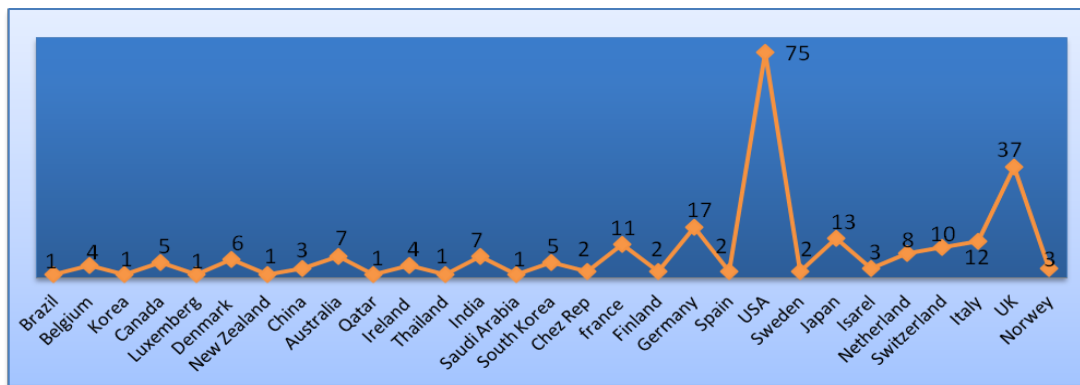


Figure 9. Distribution of INGO by Country in Nepal

Data source: social welfare council

4.3.10 Annual growth of NGO in Nepal

Figure 10 shows the growth of NGO in Nepal during 1977 to 2019 AD. After the restoration of democracy in 1990 the growth rate of NGO increases rapidly.NGO favored policies adopted by democratic government was responsible to rapid increase of NGOs in Nepal.

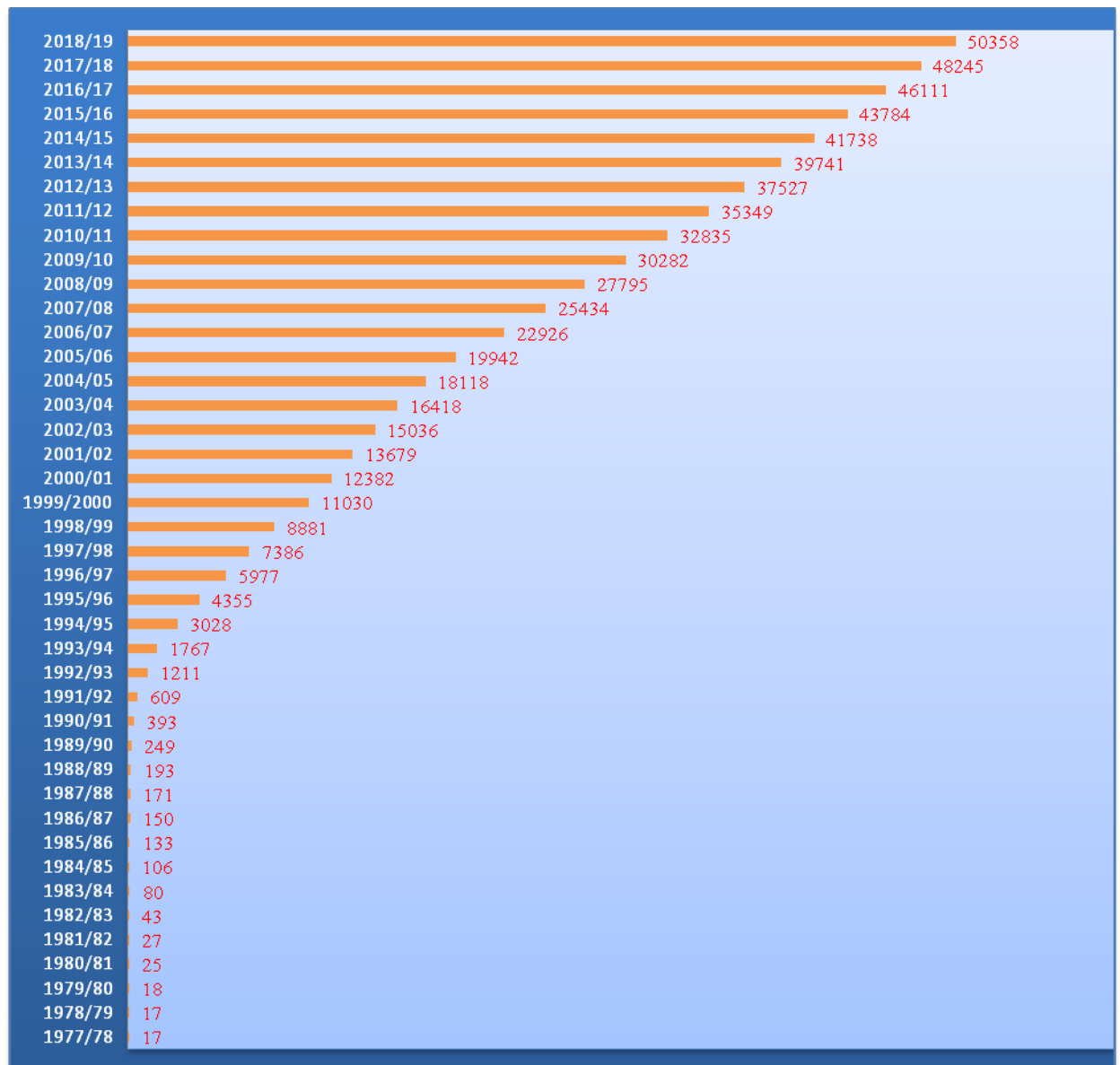


Figure 10. Annual growth chart of NGO Affiliated with Social Welfare Council, Nepal (1978-2019)

Data Source: social welfare council

4.4 Strength and weakness of INGO

The World Bank defines NGOs as “private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development” (Malena, 1995). NGO is a developmental organization to play catalytic role for fostering people’s participation and empowering them with the motives of non-profitable and non-lost basis. NGO is a broad term to indicate a wide scope of diverse organizations.

The most commonly identified strength of NGO sectors are: strong grassroots links; field-based development expertise; the ability to innovate and adapt; process-oriented approach to development; participatory methodologies and tools; long-term commitment and emphasis on sustainability; cost-effectiveness. The most commonly identified weaknesses of the NGO sector include: limited financial and management expertise; limited institutional capacity; low levels of self-sustainability; isolation/lack of inter-organizational communication and/or coordination; small scale interventions; lack of understanding of the broader social or economic context (Clark, 1991).

In Nepalese context, there is blame of people for NGO as just focusing on propaganda events. Some NGO plays role to deteriorate harmonious relationship among the people of different castes, ethnic groups, gender, religion, and region by initiating hatred against one another. Nepalese people are blaming that INGOs come here with their own agenda for promoting market policy and religious policy. They are blaming as the agent of imperialism. NGOs are accused for being misused as the source of income of a particular family under the guise of volunteer service and involved in dollar earning.

The central government can mobilize foreign aid received from multilateral/bilateral development agencies as well as I/NGO as provisioned in Article 59(6) and Schedule 5(5) of the new constitution. There is provision at schedule 6(2) on the constitution for provincial government to get foreign grants and other form of help through various development agencies with the consent of central government. Provincial and local governments have no right to receive foreign grants directly.

The new set-up may bring challenges in the form of registration and approval of I/NGO between federal and provincial governments. The support of local governments may be challenging considering the clash in priorities of local governments and I/NGOs. I/NGOs have a fixed mandate and specific objective on their areas of work. The flexibility is negligible for I/NGOs while implementing projects. This may create conflict between local governments and I/NGOs. Aid scattered in many smaller projects has caused fragmentation with high transaction costs and additional burden for both the government and development partners (Joshi, 2018).

5. Conclusion

The roles of I/NGO are vital for solving enormous problems in developing countries like Nepal. Although NGO lead strategy considers as piece meal approach of development, its contribution is meaningful than state and market in marginalized communities of remote rural area. I/NGO contribute to fulfill the gaps created by state and market during the march of development. Political stability ensures development. It is mandatory to ensure political stability for creating favorable environment to operate development activities. Stable government and good governance offers good opportunity for development agencies to make joint efforts with government agencies to meet targeted result. There is essential to clarify the jurisdiction of three tiers government about the scope of development. Three

tiers government should formulate integrated and reinforcing goals and targets of development. Social Welfare Council registered more than 50000 NGO till date. A bitter situation is that, only a few thousands are actively and effectively working in their field. In the context of Nepal, around 245 I/NGO are working in different field. I/NGO are funding local NGO in women empowerment, health, child welfare, agriculture, poverty alleviation, good governance, and similar other programs. Despite thousands of NGO and significant supply of foreign aid; Nepal remains one of the poorest countries in South Asia till now. By realizing present situation, Status of I/NGO is inversely proportional with status of development in Nepal. An institutional Capacity of Social Welfare Council should strengthen to check all registered I/NGOs and to gauge effective use of foreign aid for overall development of Nation.

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