

# **NGO SUSTAINABILITY IN NEPAL**

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Submitted By

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in Partial Fulfillment of the Requirements for

Master of Philosophy (M. Phil) in Public Administration

September 2017

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I hereby declare that the thesis entitled "NGO SUSTAINABILITY IN NEPAL"; I have submitted to the Faculty of Management, Central Department of Public Administration in Partial fulfilment of the requirements for Master of Philosophy (M. Phil.) in Public Administration is solely my own work other than where I have mentioned it is a work of others.



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has been prepared as approved by this program the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

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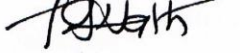








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## **ABSTRACT**

Despite the role of Non-Governmental Organizations (NGOs) as actors in development, the issue of NGOs' sustainability remains a major concern in many developing countries such as Nepal. Dealing with a number of current development crises will ultimately require facing up to the challenge of democratization. The types of reform indicated involve complex organizational changes that the large official donors have little capability to address. The central leadership role must be assumed by organizations with the potential to serve as catalysts of institutional and policy change. Some NGOs have demonstrated the potential to serve in such roles and many others have the potential—if they chose to develop the necessary technical and managerial capabilities.

This study seeks to determine key factors that can influence local NGOs based on a Nepalese context. People based approach to development has been getting momentum in the new forms across the world especially in developing countries like Nepal. Over the past two decades, Nepal expressed increasing concern over the welfare of the masses and focus has been shifted towards more people based approach and community-led approach to development in collaboration with NGOs. Especially, after the advent of democracy in 1990 and adoption of the liberal policy in the beginning of the 1990s, the NGO sector has emerged as a new sector along with the government and the private sector. With respect to this Nepalese scenario, the study has been conducted to answer the two questions: What considerations may be relevant to implement community development interventions through sustainable NGOs to review and increase sustainability? Will the proposed variables and framework support the NGOs sustainability? What extend and degree of partnership, governance (especially leadership development), community engagement and social enterprising should support for NGO sustainability? Thus, the present situation of the NGOs sustainability and its effectiveness of their efforts to community development over the long period were the core concern of the study.

The objectives of the study were to examine the degree of the current situation of partnership with GOs/INGOs, community engagement, leadership building, and social enterprising for NGO sustainability to facilitates the community development over the

long period and to describe the direction (*variables that effect*) of NGOs sustainability in Nepalese context. The study was conducted in the of Kathmandu and Kavre districts which are considered the politically, economically and administratively important districts in Nepal.

From the review of the literature, the researcher identified the partnership with GOs/INGOs, community engagement, governance focus on leadership development and social enterprising as independent variables and NGO sustainability as the dependent variable. The effectiveness of independent variables was determined in terms of the policy framework, nature of collaboration and core values and principles also adopted in the study. The social capital theory was used as a theoretical perspective to guide the entire research process.

The research used a combination of quantitative and qualitative research approaches. Quantitative data were obtained by using a set of the structured questionnaire through a field survey and qualitative data by using face to face semi-structured interviews from the systematic random sampled government officials and the practitioners/experts of I/NGOs of the study area. Quantitative data was obtained total 141 respondents from management level: leader and employee, beneficiaries of the sampled NGOs including of 19 the government officials and 15 experts of I/NGOs. Similarly, in the study semi-structured interviews were also carried out. In addition, one case study of an NGO was also conducted during the study.

The study identifies that the partnership with INGOs/GOs, governance, leadership building, community engagement and social enterprising can have a significant influence on the sustainability of NGOs because variables all of having a positive correlation. In the study, the calculated regression (p) values of each set of independents variable with respect to dependents are less than the assumed significance level at 5%. Significantly, local resource mobilization, availability of funds, development of needs-based and demand-driven programs, and effective management can have a significant influence on the sustainability of the NGOs. However, the result of the study highlighted that the degree of NGO sustainability seems to be better oriented towards the community engagement and leadership building as compared to the partnership with GOs/INGO and social enterprising. The findings of the study also show that there are positive signs



regarding the partnership between the government and the NGOs such as the existence of some of the core elements of partnership, supportive nature of the relationship to facilitate collaboration and appropriate policy framework. However, the researcher has come to the conclusion that due to mistrust between the government and NGOs, lack of mutual respect, poor implementation and weak monitoring and feedback mechanism, the existing collaboration between the government and NGOs does not seem to achieve desirable results as expected. Similarly, existing programs that are being adopted by the government and NGOs seem to support community engagement and leadership building at the local level in the study area. However, to what extent their efforts are supportive is determined by the strength of positive or negative influence of local politics.

The study suggests that NGOs should be conscious, building leadership development and take initiatives to build trust with the government. Similarly, the contributions of NGOs in the community should be acknowledged that helps to build community engagement and enhance capacity development, of the NGOs for the sustainability. Similarly, NGOs can adopt several measures to ensure their sustainability. These include the writing of good needs-based and demand-driven project proposals, ensuring transparency and accountability, leadership training and lobbying for local resources mobilization. This study identified new paths and new issues such as mistrust and misunderstanding between the local government and NGOs, poor implementation of existing policy framework, local political influence in the community programs, changing roles and sustainability aspect of NGOs in emerging political scenario & federalism, socially enterprising and so on that can be investigated in the future. Such studies will help for better understanding the contribution of the efforts and sustainability of NGOs in Nepalese context.

**Keywords:** Sustainability, Non-Government Organizations, Partnership, Governance & Leadership Building, Community Engagement, Social Enterprising, Development.

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## LIST OF SYMBOLS, ACRONYMS AND ABBREVIATIONS USED

\$	Dollar
%	Percentage
&	And
BS	Bikram Sambat
CBO	Community Based organization
CSR	Corporate Social Responsibility
DDC	District Development Committee
ECHO	European Commission's Humanitarian Aid
F	Frequency
FAO	Food and Agriculture Organization
GCLRC	Gyanbikash Community Library and Resource Center
GDP	Gross Domestic Product
GON	Government of Nepal
HIV/AIDS Syndromes	Human Immunodeficiency Virus-Acquired Immune Deficiency
i.e.	That is
bid	ibidem (from Latin)
ICTs	Information and Communication Technologies
INGOs	International Nongovernment organization
LGCDP	Local Governance and Community Development Program
LSGA.	Local Self Governance Act
M	Mean Value
n.d	No date
NGO	Non-government organization
NPO	Nonprofit organization
NPR	Nepalese Rupees
NRCS	Nepal Red Cross Society
OECD	Organization for Economic Cooperation and Development
p.	Page
pp.	Pages
SAP	South Asian Partnership
SD	Standard Deviation
SL,	Sustainable Livelihood
SPSS	Statistical Package for Social Science
SSNCC	Social Service National Coordination Committee
SWC	Social Welfare Council
US	United States
USAID	United States Agency for International Development
VAT	Value Added Tax
VDC	Village Development Committee
Viz.	Visualize
VLW	Village Level Worker
VMGO	Visio Mission Goal & Objectives

## CHAPTER-ONE

### INTRODUCTION

#### 1.5 Introductory Background

Sustainability is currently one of the most popular words and it has become embedded in our everyday language (Barr, 2008). Sustainability, in general terms, is the ability to maintain the balance of a certain process or state in any system. It is now most frequently used in connection with biological and human systems. Since the 1980s, the idea of sustainability has become increasingly associated with the integration of environmental, social and economic spheres and in the early twenty-first century sustainability has become the dominant political discourse, penetrating numerous sectors of society, including academic disciplines, political parties, government agencies, local authorities and community organizations (Barr, 2008). Nevertheless, sustainability as a term proliferates a range of contexts, from when we visit the supermarket (sustainable food from sustainable agriculture), when we go to work (companies having a sustainability officer), or when we go on holiday (sustainable tourism)". Steward Barr concludes that even sustainable development is already a huge success, the proliferation of the term neither provides an assurance that everyone is clear about its definition, nor does it imply that changes in people's attitudes and behaviours are achieved (Barr, 2008).

Sustainability can be defined as an organization's ability to: improve institutional capacity to continue its activities among target populations over an extended period of time; Maximize impact by providing quality services and products; minimize financial vulnerability; and develop diversified sources of institutional and financial support (Grosskurth & Rotmans, 2007).

The origins of the most widely used sustainability definition trace its roots back to the 'UN report on Environment and Development' published in 1987. This report, prepared by the Brundtland Commission, named after the commission's Chairman, Ms Gro Harlem Brundtland, defines sustainability as: "meeting the needs of the present without compromising the ability of future generations to meet their own needs". This definition,

especially by how it is used in the Brundtland report, contains the following two concepts (Brundtland, 1987):

- The concept of ‘needs’, in particular, the essential needs of the world's poor, to which overriding priority should be given.
- The idea of limitations imposed by technology and social organizations on the environment's ability to meet present and future needs.

Even though the definition is widely used, it does face significant criticism. William Adam for example, while acknowledging that the definition clearly captures environmental degradation and alleviation of poverty as the two fundamental and contradicting issues that economic growth is typically accompanied with (Adam, 2006), calls the Brundtland definition "vague" (Adam, 2006), “neat but inexact”, and the concept “holistic, attractive, elastic but imprecise (Adam, 2006).

Different authors, including Adam and Stewart Barr, build on the Brundtland definition and suggest a graphical visualization of the concept as three overlapping rings representing economic growth, environmental protection, and social progress. In this model, each ring represents one of the three dimensions of sustainability (environment, society, and economy). The model is called the ‘ring model’ (Stanners, 2007). The three overlapping rings demonstrate the need for a better integration of the three dimensions, including actions to restore the balance between them (Adam, 2006). Other authors suggest slightly different visualizations of these three pillars, such as a three-legged stool (the stool being sustainable development and the three dimensions being the legs), as a never-ending triangle, or as concentric rings (also called 'nested sustainability model' or ‘egg model) with economy in the center, surrounded by society, which then is surrounded by environment. According to Barr, the 'nested sustainability' model says that each outer ring has a two-way interaction with the inner ring: the outer ring imposes limitations to the inner ring, and it absorbs the outcome of the inner ring (Barr, 2008). Sometimes, the three-pillar model is extended with a fourth pillar: ‘institutions’. But more often, institutions are seen as providing the underlying enabling framework for action and change, which is why institutions are not part of the model (Moldan, Dahl, 2007). The three rings model does not only indicate dependencies between the three dimensions, it also suggests that balancing the dimensions, i.e. achieving sustainability, is delicate. The three rings model does not address the fundamental limitations of the

Brundtland definition, but it offers a helpful visualization for sustainability-related discussions.

Over the past two decades, Nepal has expressed increasing concern over the welfare of the masses and focus has been shifted towards a more people-centred approach to development, community-led approaches and mobilization and collaboration with nonprofit sector especially with the Non-Governmental Organizations (NGOs) and community-based organizations (CBOs). Since the Eight-Five Years Plan (1992-1997) government of Nepal (GoN) has recognized Nepalese NGOs as a partner in local and community development and policies, programs strategies have been adopted in the subsequent plans. The old paradigm—where NGOs do the service delivery, private donors' fund it and governments regulate—is withering away. Companies' have become, in effect, the largest overseas development agencies. With the growing recognition that trade and markets are the most important drivers for development, lines of responsibility are getting blurred. Every sector is exploring new roles, working relationships and ways of „doing business-. Partnerships are fast becoming the preferred mechanism for delivering sustainable development.”<sup>1</sup> (Tennyson, Harrison, and Wisheart, 2008). Today, Nepalese and are considered as a mechanism, an alternative source of NGOs and sector service delivery, a partner in development, and a vehicle for the transformation of the society.

The Nepalese NGOs and their alliances have expanded their roles and activities in the society. They are highly involved in the community development especially the partnership with government (including of local governments) in this Nepalese scenario, the present situation of the government-NGOs partnership and effectiveness of the efforts of local government bodies and NGOs in community development are also the key matter of NGOs sustainability. Furthermore, NGO sustainability may depend on partnership/linkages; social enterprising, governance/leadership building, community engagement may contribute to NGO sustainability in Nepal that is the major concerns of this study.

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<sup>1</sup> NGO leader interviewed for the XSP project, mentioned in the researched "Emerging Opportunities for NGO-Business Partnership", conducted by Word Vision (2008).

## **1.6 Problem Statement and Research Questions**

In Nepal, many NGOs have been established. Since their establishment, NGOs have been providing various types of programs in welfare and empowerment areas including health, education, economic empowerment, and technology and infrastructure development through the utilization of various internal and external resources. The concept of community development was started in the 1940s by most of the governments of the world because after the Second World War developing countries achieved considerable economic growth but they failed to achieve distributive justice in the society (Bongartz & Dahal, 2008). After the end of colonialism, many newly independent countries embarked on community development and rural development programs as a decentralized approach to their overall social and economic development. Up to the 1970s, the idea of participatory local development and the community-based development approaches were fully developed in the world. However, development approaches were dominated by centralized government structure, bureaucratic state mechanism, and involvement of limited stakeholders. From the 1970s onward, due to the failure of state-led efforts to develop, many countries recognized the role of the third sector/NGOs as supplementary to government efforts in development activities. In the 1990s, community participation, capacity building, community engagement and empowerment and community collective action evolved to a new level (Binswanger & Mkhize, 2010). The history of development literature of the world shows that different approaches to development have appeared, been modified, shifted and been replaced but community-based local development approach has remained a dominant and a core concern till nowadays in most of developing countries. In the context of Nepal, welfare activities at the community level were not new phenomena but the visible community development approach was introduced in 1951 under the name of form village development. The community development approach lacked the integration of local wisdom, values, and aspirations (Pyakuryal, n.d.). After the advent of democracy in 1990 and adoption of the liberal policy in the beginning of the 1990s, the NGOs sector has emerged as a new concept of development intervention and self-sustaining. To make NGOs self-sustainable, some NGOs of Nepal have been initiating different types of enterprises either it has supported by the Nepalese laws and policies or not. Furthermore, it helped them learn modern marketing methods to yield better economic results, which in turn, will support NGOs to be self-sustainable.

Since NGOs of Nepal currently focus and more conscious wish to be a self-dependent organization with aims to expand the income generating activities to gather more financial resources in order to continue the program activities and its initiatives sustainable, identification of sustaining enterprise (somehow can say social enterprise) of the NGOs that best benefits the smooth operation of the ventures is necessary.

Thus, the purpose of this research will identify the best way forward to identify the factors of NGOs sustainability, legal, procedural and structural aspects of existing provisions for establishment and operation of social enterprises for NGO sustainability in Nepal. Likewise, research will help to identify the other contributing factor to NGOs sustainability with anticipating the following research question.

1. What considerations may be relevant to implement community development interventions through sustainable NGOs to review and increase sustainability?
2. Will the proposed variables and framework support the NGOs sustainability? What extend and degree of partnership, governance (especially leadership development), community engagement and social enterprising should support for NGO sustainability?

### **1.7 Objectives of the Study**

The main objective of this research is to understand NGO sustainability in Nepal, i.e. the NGO success, reliability, continuity, durability, inconvertibility, long-lastingness, and effectiveness of their resources regarding their development efforts in a way of empowerment of the community and developmental activities.

The specific objectives of the study were as:

- To examine the degree of the current situation of partnership with GOs/INGOs, community engagement, leadership building, and social enterprising for NGO sustainability to facilitates the community development over the long period.
- To describe the direction (*variables that effect*) of NGOs sustainability in Nepalese context.

## **1.8 Significance of the Study**

The Significance of the study is discussed in the following sections viz. theoretical and empirical significance and rationale for site (sample) selection.

### **1.4.1 Theoretical and Empirical Significance**

The study hope significantly helps to understand the NGO sustainability. Likewise, the research will equally help those of factors will affect and contribute the NGOs sustainability.

The Sustainability measurement shall serve as a practical compass, helping NGOs to decide, implement, measure, assess, and continuously improve their practices. It shall further allow these NGOs to measure their activities at different levels, to review the success in relation to the organization's objectives, as well as to ride learning curves and feedback loops.

Those who view NGOs from a functionalist perspective employ equilibrium theory and view NGOs as essential to compensate for the inefficiencies of the state, whereas conflict theorists view the state as unresponsive to the need of local workers, women, minority/ethnic groups, as they concentrate on the needs of national or global capitalists (Ginsburg, 1998). Thus, from both paradigms, NGOs play an important role in national affairs. Despite radical transformation in the thinking and practice of development over past decades, the community-led development has been gaining popularity and has remained relevant in most of the developing countries like Nepal for the effective use of local resources, empowering people, social mobilization, capacity building, promoting collective action, reducing poverty and enhancing local good governance to drive overall development in the society. Since the 1980s the greater emphasis has been given on partnership between the state and nonstate entities. Most of the developing countries have embraced various modes or forms of partnership, Governments, worldwide, have transferred some of their economic activities and basic services to NGOs which are now considered planners in governance (Haque, 2004).

In the recent years, the partnership has emerged as an increasing phenomenon across the globe. As Brinkerhoff and Brinkerhoff (2002) state the collaboration between the state,

the market and the nonprofit sector has lied at the heart of the discussion on development discourse and emphasis has been to their interrelationships and linkages. However, in the context of local and community based social development, the government-NGOs collaboration has been gaining popularity and evolving trend across the developing world which ensures NGO sustainability.

Nepal also has a connection with global trends and practices. The government of Nepal (GoN) has initiated to bring socio-economic change in the society through the community-led development process. The GoN has recognized that to make local governance more effective and accountable, communities should be given greater roles. Thus, various policy measures have been adopted to enable communities to raise their voices and to participate in government. Since the beginning of the 1990s, the GoN has recognized the role of Nepalese NGOs and has adopted policy measures for enhancing the role of NGO sector in community-led development. GoN has recognized Nepalese NGOs as a partner in the development and greater roles have been assigned them. The current Three Year Plan (2010-2013) has adopted several strategies regarding the social development. The GoN has aimed to conduct different programs at the local level with the mobilization of different stakeholders including NGOs and community-based organizations (CBOs) by taking them as a partner to ensure equitable and inclusive social development (National Planning Commission, 2010).

Although GoN has recognized NGOs as a partner in the community-led development and has given greater roles, the introduction of NGOs and practice of partnership between the government and NGOs can be considered a recent and a newly introduced phenomenon in the context of Nepal. On the preliminary review of the literature, it has been found that there is lack of sufficient research studies in this area. Very few empirical studies have been conducted in this field and no previous studies have examined the government-NGOs collaboration and its contribution to community development. Thus, in the context of Nepal, there seems to be knowledge gap in this area.

The main thrust of this study was to open new insights in this area in the context of Nepal and other similar circumstances. Therefore, the study was intended to address the knowledge gap in the existing literature that failed to address the present scenario of the



NGO sustainability in the context of Nepal. More specifically, there are three main theoretical and empirical contributions to the study. First, the study provides a theoretical and empirical framework as well as a new insight into the future research in this area. Second, the study helps to bridge the knowledge gap between previous research studies, and third, the study examines various facets of NGOs sustainability for community development which would help policymakers, social workers/activists, and practitioners to make effective policies and adopt new approaches while dealing with the NGO sustainability practices and community-based developmental activities. To promote community-led development approach adopted in Nepal, community engagement and leadership reconditions at the community at the community level is preconditions since they help to enhance the overall capacity of a particular community. In this context, the researcher hopes that this study would be a new venture in this context.

### **1.5 Limitations of the Study**

The study was intended to search for the measurement of NGOs sustainability in Nepalese context for the purpose of community sustainable development. The researcher selected Kathmandu and Kavre districts judgmentally for the purpose of the study area. It is very difficult to assure complete perfection and wide coverage in the study of social phenomena especially in the context of the third sector. Other factors such as resources, time, and purpose also set the limitations to the study, specifically the study had following limitations.

1. The study examines and used only government-NGOs partnership, community engagement, governance (focused on leadership development) and social enterprising activities as independent variables adopted by the NGOs in their sustainability in the study area, The study is confined only with two NGOs.
2. Since the study is based on Kathmandu and Kavre districts only, it is considered a case study. The findings of the study represent the study area and may not necessarily represent the entire Nepalese context. Therefore, the finding of this study may not generalize in other cases.

### **1.6 Structure of the Study**

This study is presented in five chapters. The **first chapter**, introduction includes the background of the study problem statement, and research questions, objectives of the study, significance of the study, limitations of the study and structure of the study.

Review of literature is presented comprehensively in the **second chapter** which includes theoretical review of literature related to NGOs sustainability along with community development, community engagement, partnership and linkages of NGOs with the government and I/NGOs, governance (especially focused to leadership development), and social enterprising review of related studies, theoretical and analytical framework of the study, theoretical consideration, and operational definition of variables included in the study.

Similarly, the **third chapter** deals with the methodology used in the study which includes of the design, universe of the study, nature, and sources of data, sampling procedure, data collection procedure, statistical procedure, validity, reliability, and triangulation; justification of methodology, unit of analysis and ethical consideration.

Presentation, analysis, and discussion of the quantitative and qualitative data are comprehensively presented in the **fourth chapter**. Finally, Summary, findings of the study, conclusions, suggestions, and implication of the further study and scope for further research are presented in the **fifth chapter**.

## CHAPTER-TWO

### REVIEW OF LITERATURE

Review of Literature related to this study is reviewed by dividing into two parts viz. the theoretical review and the review of related research studies to cover the concerned significance, issues and problems arose in the study.

#### **2.1 Theoretical Review**

In this first part, literature related to NGO Sustainability, community engagement, NGOs partnership with government & INGO, governance focus to leadership building and social enterprising is reviewed so as to provide a background to the current study, to identify the relevant variables related to the study and for getting a better understanding of this issue. This review enabled the researcher to formulate a conceptual framework for the study.

##### **2.1.1 Theoretical Discussion on Nongovernmental Organizations**

In this section, different aspects of NGOs<sup>2</sup> including its origin, development, and conceptualization of the concept in this study are discussed

###### **2.1.1.1 Origin and Development of NGOs**

Non-governmental organizations (NGOs) are not a recent phenomenon rather have long and complex histories. A wide range of historical, political and cultural influences have helped to condition NGOs in different parts of the World (Lewis & Kanji 2009). The concept of NGOs emerged when many colonies and territories were seeking their independence from a colonial power. After independence, these organizations continued to work in solving local problems (Leper, 2005). By the end of the 1970s, changing political and economic tides led to a reconsideration of the division between private and the public in many European countries and elsewhere. Policymakers started to consider the third sector as a possible remedy for the crisis of the welfare state (Anheier & Siebel,

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<sup>2</sup> The term nonprofit organization is often used in the USA and they are called nongovernment organizations (NGO), private voluntary organizations (PvOs) or community associations in other countries (Anheier & Siebel, 1990). In this study, these terms are used interchangeably.

1990). In the 1970s, public appreciation of the value of the nonprofit organizations grew dramatically. During the 1980s, there was a growth in the rationalization and formalization of nonprofit sector interests. During the 1970s, the focus was given to the independence and uniqueness of the nonprofit sector. However, since the 1980s, into: sector consciousness emerged which led to interdependence and duplication between the sectors (Langton, 1987). Since then, there has been worldwide growth in number, size and operational scope of Non Governmental organizations. More importantly, the role of these organizations has dramatically been redefined within the development discourses (Abdelrahman 2004, p. 40). The development discourse literature shows that the general interest and worldwide appreciation during the 1970s and in the 1980s become more formalized, legitimized, and institutionalized in the late 1980s. Similarly, social sector reform policies influenced by neoliberalism began to introduce targeted programs implemented by nongovernmental organizations during the 1980s, donors' preference to cooperate with NGOs, consideration to NGOs to be the champions of democratization and the foundation of a civil society became instruments in the new policy agenda of many bilateral and multilateral donors which have contributed to the proliferation of NGOs across the globe (Narasaiah, 2005; Howell & Pearce, 2001) The nonprofit sector or nongovernment sector gained strength in the beginning of the 1990s. For instance, a research study carried out in 22 countries including 13 European countries, four developed countries and five Latin American countries by the Johns Hopkins Comparative Nonprofit Sector Project in the mid 1990s shows that the sector emerged as a major nonprofit economic force s trillion expenditure, 19 million paid employees, 4.6 percent of the total 101 Gross Domestic Product (GDP); the world's largest economy and 28 percent of the population these counties are involved in volunteer efforts (Salmon, Anheier, Toepler, & Sokolowskin, 1999). Today it can be observed that NGOs have occupied a central position and a development paradigm in social sciences, development discourse, and socio-economic and cultural changes all over the world. They have become a new instrument for development, especially in developing countries. Social scientists and scholars have proposed a variety of theories and perspectives to explain the origin, existence, and rationality of the nonprofit sector. For example, from the religious perspective, volunteering and charity play important roles for social justice. From the political perspective, the nonprofit sector provides individuals and groups with the means of voicing their needs and interests in a particular society. Economic perspectives view the existence of the nonprofit sector as a result of market and government failure (Boris.

2004). A vast array of economic theories explains why the voluntary organizations came into existence.

Dollery and Wallis (2004) divide economic theories into two broad categories: demand theories and supply theories of the voluntary sector. According to them, demand theories tend to explain the genesis of voluntary organizations as a response to either market failure or government failure. On the other hand, supply theories attempt to explain voluntary organization as the outcome of social entrepreneurship. They define market failure as the inability of the market to provide goods and services in an economically optimal manner and government failure as the inability of public agencies to achieve intended objectives. Similarly, theories of nonprofit organizations introduced in the 1970s highlighted market failure and government failure or some combination of private and public deferent in the delivery of quasi-public goods as the reason behind the emergence of nonprofit organizations (Anheier & Siebel, 1990) In the context of sociology and economics, the term social entrepreneurship refers to the creation viable socio-economic structure, relations, institutions, and practice that yield and sustain social benefits, use of entrepreneurship behavior for social ends, change agent in the social sector, partner with a powerful new idea which combines visionary and real problem-solving creativity (Bielfeld, 2011), Thus, social entrepreneurship perspectives view nonprofit organizations and NGOs as a change agent in the society that creates social benefits and contributes to the society to handle social problems. There are other theoretical perspectives which hold different views of the rationale of a nonprofit organization. For instance, the public good theory states that NGOs exist to satisfy the residual unsatisfied demand for public goods in society. It argues that the state tends to provide public goods only at the level that satisfies the media and voters; where demand exceeds this level or where heterogeneous demands exist; NGOs step in to fill the gap (Tanjong, 2008).

Social perspectives and economic perspectives have their own justification for the emergence and existence of nonprofit sector in the development discourse. The social perspectives state that nonprofit organizations try to stimulate the participation of the poor and are able to reach those sections of the society which are bypassed by public service delivery system. Similarly, the economic perspectives view that nonprofit organization's carry out service more economically than the government. In essence,

social perspectives focus on greater social equity and economic perspectives emphasize the greater efficiency of nonprofit organizations (Anheier, 1990). The growth of NGOs reflects a shift away from the belief that government is the primary providers of service, that economic growth is the singular key to progress and that leadership is a top-down process (Leeper, 2005). Today it can be observed that NGOs have occupied a central position and a development paradigm in social sciences, development discourse and socio-economic and cultural changes all over the world.

#### **2.1.1.2 Defining Nongovernment Organizations**

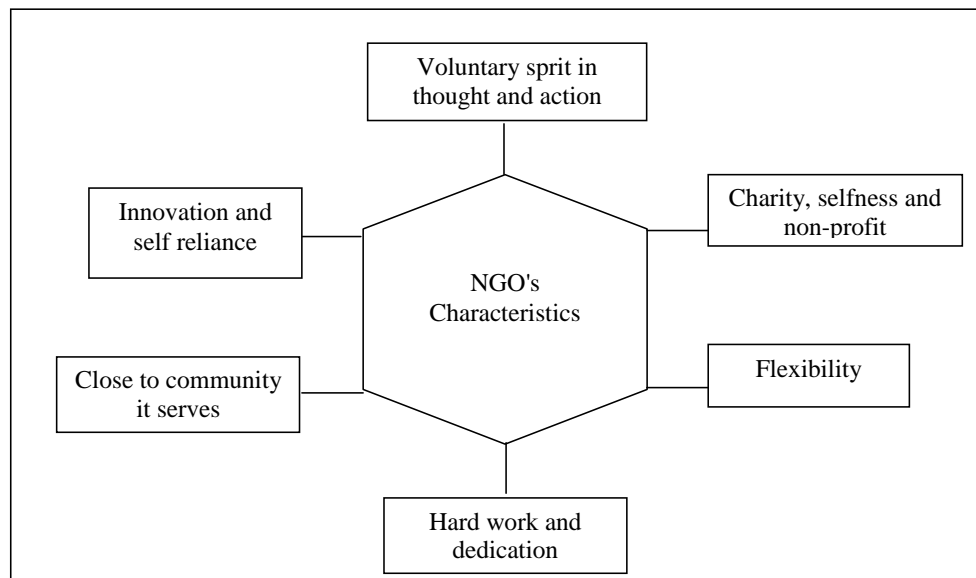
Nongovernment organizations (NGOs) can be seen as relatively ambiguous organizations within the field of development discourse and practice as they can sometimes display a dual character (Lewis & Kanji, 2009), Similarly, Goel and Kumar (2005) define an NGO as an independent, flexible, democratic, secular, non-profit people's organization working for and/or assisting in the empowerment of economically and socially marginalized groups. Similarly, (Wagle, 1999) has taken the nongovernment organization to represent the individual forms of the civil society sector. He further notes that they are a part of the independent sector that embodies voluntary members serving or public serving activities in a less formal way especially in developing countries without a profit motive. Hudock (1999) also emphasizes the intermediary position of NGOs He views NGOs as those organizations which are outside the realm of government and distinct from the business community often referred to as the third sector.

The diversity of NGOs cannot be limited to few definitions some scholars have described NGOs giving emphasis on the key characteristics to better understand their orientations and heterogeneity. In the wider sense, NGOs privately constituted organizations..... that may or may not make a profit... All nonstate organizations whether they are business or third sector can be seen as forms of NGO (Lewis & Kanja, 2009). Moreover, Salamon and Anheier (1994) state six attributes of NGOs as: nongovernmental, not profit making voluntary, solid and continuing forms, altruistic and philanthropic (quoted in Shigesomi 2002), These attributes have further been elaborate by Shigetomi (2002) as attributes required for an archetypal NGO. According to him, NGOs must carry out their decisions independently from the wishes of the government. They must not be directed by profit motives, there must be voluntary membership, and they must be ongoing entities with an

organizational form. The purpose of NGOs is to act for the benefit of other and has a poor possibility of receiving payments from its services.

NGOs have certain unique attributes that differentiate them from other organizations, Chowdhary (1990) highlighted the characteristics of NGOs with the help of figure no. 2.1 (quoted in Goel & Kumar, 2005).

**Figure 2.1 Characteristics of NGOs**



*Source: Chowdhary (1990, quoted in Goel & Kumar 2005, p.11)*

Figure 2.1 indicates the innovative, service-oriented, charitable, NGOs. Despite this variation the precise conception, NGOs are social institutions that operate in outside the formal spheres of the market and the state. As an integrated part of the independent sector, they share some common features:

- a. organization: having an institution with some meaningful structure;
- b. private: institutionally separate from the state;
- c. non-profit distributing: do not distribute return or profit to their members or owners,
- d. self-governing not controlled by some entity outside of the organization:
- e. Voluntary or public purpose: voluntary contribution of time and money (Saamon, Anheier, List, Toepler, Sokolowski, 1999 & Salamon, 1998).

The eighth plan (1992-1997) of Nepal mentions: "A non-governmental organization is naturally conceived voluntary by nature: not committed to profit-making for distributing dividends among its own members politically neutral; liberal in conducting programs, oriented towards the upliftment of the poor, needy and helpless; and active in arousing social awareness, Non-governmental organizations should carry out works of public importance, involve maximum people's participation and follow democratic practice in selecting the board of directors from among the volunteers (National Planning Commission, 1992)".

As discussed above, the scholars have described NGOs from different perspectives and highlighted different features they hold. Therefore, the conceptualization of NGOs is a contextual phenomenon. In this regard, the nature of NGOs as stated in the eighth plan seems more persuasive in Nepalese context and was taken into consideration under this study.

### **2.1.1.3 Nongovernmental organizations with Nepalese Characteristics**

This section highlights the historical development of NGOs, legal framework and their relation with the government in the context of Nepal.

#### **2.1.1.3.1 Historical Development**

The voluntary actions are not new to Nepal. From time immemorial people have voluntarily associated themselves to work to achieve their common goals in Nepal. Traditionally voluntary activities were conducted by community-based volunteer organizations such as Rodi, Gunthi, Badger, Badagh or Kulha Chaudhary. Voluntary activities have been promoted by different socio-cultural organizations in the communities towards realizing the sustainable management of social development through cultural and religious activities (Bhatta, 2009 & Neupane, 2002). In the past, the spirit of volunteering was an important component of development practice, the ethos of Nepalese culture, based on mutual assistance by the host of ethnic communities, a part of religion and philosophy of society, associated with the role played by various NGOs, mostly tied with the community services and help the commoners and weaker sections of the society (Dhakal 2009 & National Planning Commission, 2002). From the ancient time, it can be observed that nongovernment organizations are dominantly based on religion, culture, gender, caste, and languages at present.



Nepalese NGOs have expanded their activities, skills, and capacities over time. The first nongovernmental organization formally began in 1926 with the establishment of Shree Chandra Kamdhenu Charkha Pracharak Mahaguthi with the aim to participate in the development (National Planning Commission, 1992) in the beginning of the 1950s, traditional voluntarisms were challenged by political upheaval and few independent voluntary institutions and developmental NGOs were only allowed to operate under the government's supervision. Before the restoration of democracy, NGOs were not allowed to be registered and operate easily (Bhatta 2009; Literary watch Bulletin 2000). During the Panchayat system (the then partyless political system which lasted from 1961 to 1990) government tried to control social groups and voluntary social activities in many ways. However, during that period voluntary associations like the Red Cross Society, Family Planning Association, Lions and Rotary Clubs were established with the assistance of international organizations (National Planning Commission, 1992). As with the restoration of democracy and adoption of the democratic process in 1990, people became more aware of their freedom and started to organize with different purposes through social organizations.

Two significant changes in the beginning of the 1990s that are the establishment of multiparty party democracy and establishment of Social Welfare Council (SWC)<sup>3</sup> in 1992, combined with foreign funds assistance flowed directly to NGOs have created a favourable environment to increase the number of NGOs dramatically. Furthermore, in 1990 Nepal adopted its fifth, a first fully democratic, constitution. The new democratic constitution opened the gates for the proliferation of NGOs to work on the diverse areas and social issues. It has also paved the way for the mobilization of NGOs for the fulfilment of guiding principles of the state and led to the liberalization of laws for the proliferation of NGOs in different sectors in the society (Bhattachan, 2004 & Dahal 2004, Asian Development Bank, n.d).

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<sup>3</sup> Social Welfare Council (SWC), established in 1992, is the high level public institution which has been entrusted to promote, monitor, facilitate and regulate the NGO sector in Nepal.

Since the beginning of the 1990s, Nepalese NGOs/ INGOs have been working increasingly in the sector of health and HIV/AIDS, education, social and community development, protection of child rights, empowerment of women and marginalized community, sustainable development, livelihood programs and promotions of human rights across the country As Dahal (2001) notes that due to the lack of coherent law, all professional bodies, human rights associations, private think tank, voluntary social, cultural and religious associations and other community-based organizations are also registered as NGOs and their social work and voluntary actions are also legitimized as the functions of NGO sector in Nepal.

The exact number of NGOs operating in Nepal in various activities is unknown. However, the official webs of the SWC (<http://www.swc.org.np>) show that as of February 2012, 207 INGOs are affiliated with SWC to perform various activities in different sectors and altogether 30.284 NGOs are formally registered to the SWC in June 2010. On the basis of their areas of activities, Nepalese NGOs/INGOs have been categorized into ten sectors which are shown in table 2.1.

**Table 2.1**  
**Sector Wise Classification of NGOs in Nepal**

S.N.	Sector	Number of Registered NGOs
<b>1</b>	AIDS and Abuse Control	98
<b>2</b>	Child Welfare	1149
<b>3</b>	Community and Rural Development Services	25403
<b>4</b>	Educational Development	517
<b>5</b>	Environmental Development	1451
<b>6</b>	Handicapped and Disabled Services	758
<b>7</b>	Health Services	875
<b>8</b>	Moral Development	1146
<b>9</b>	Women Services	2967
<b>10</b>	Youth Services	5395
<b>TOTAL</b>		<b>39759</b>

*Source: Social Welfare Council (2014 July); retrieved from [www.swc.org.np](http://www.swc.org.np) on May 2017.*

As shown in table 2.1, as of July 2014, 39759 NGOs were affiliated to the SWC. The figure was 576 in 1992 (in the beginning of the Eight Plan). By the end of the eight plan (in 1997), the number of NGOs affiliated with SWC was 5978 whereas the number of NGOs was 81 (National Planning Commission, 1997). In the context of Nepal, it is important to note that any NGO registered in CDO at the district level is not mandatorily required to affiliate with SWC. Thus, the exact number of NGOs including community-based organizations (CBOs) operating across the country is unknown. Scholars of Nepalese NGOs argue that there are thousands of NGOs/CBOs operating especially at the grassroots level across the country.

#### **2.1.1.3.2 Legal Framework**

For Nepal, traditionally, social and voluntary associations were not registered in any government authority since they were established based on mutual trust among the community members. Previously, the Societies Registration Act 1959, National Directives Act 1962, Foreign Currency Exchange Act 1962, *MULUKI AIN* (Civil Act-1962 and Company Act -1965) were the laws governing the activities of NGOs (Dhakal, 2007). To address the legal instruments to govern and facilitate the growing concern of social organizations and consciousness of the social worker's uniformity, the existing laws, to enhance the efficacy of social service, to maintain coordination of their activities and to develop macro level NGO plans and policies, the government formed two important legal mechanisms viz. National Coordination Council Act and the Social Service National Coordination Committee (SSNCC) in 1977 and Association Registration Act 1977. The SSNCC was constituted as a national level autonomous corporation body and as an umbrella organization with the responsibility to coordinate and to government NGO activities all over the country. The Association Registration Act was enacted to simplify the process of NGOs registration since the SSNCC did not have any structure at the district level to perform NGO related functions (Chand, 1991).

Till now, all NGOs/INGOs are established and operated under the Associations Registration (SANGH SANGSTHA AIN) Act-1977 in Nepal. As per the provision made in the Act (article-1) and seven or more than seven persons willing to establish an Association shall have to submit to the Local Authority an application setting out the following details on the Association, accompanied by one copy of the statute of the Association, and with the prescribed fee. According to the Act, the Chief District

Officers (CDOs) located in 75 districts have been entrusted to register, renew and monitor the activities of NGOs operating in their respective areas (Ministry of Law, 1977).

As sketched earlier, the Social Welfare Council (SWC) is an important high-level coordination public agency, established under SWC Act 1992, to govern, NGO/INGOs in Nepal. A Nepalese NGO may or may not register with the Social Welfare Council but in order to enjoy tax exemption and other benefits from the government, they must be affiliated with SWC. With respect to INGOs as a provision in the Social Welfare Act (1992), they must apply and obtain a work permit from the SWC before starting their activities in Nepal (Ministry of Law, 1992). As a high-level governance agency, the SWC is also responsible for the promotion, facilitation, coordination, monitoring, and an evaluation of the activities of the non-governmental social organizations in Nepal. It is also responsible for the extension of its support to the government in the matters of development the NGO sector policies and programs of the nation and implements them in a coordinated way. It provides the INGOs with needful guidance administrative supports and facility arrangements such obtaining work permit via and duty-free facility including taxes on commodities, materials and equipment based on the prevailing laws and regulations of the government (Ministry of Law and Justice, 1992).

At local level as provisioned in the Local Self Governance Act (LSGA) (1999), the district development committees (DDCs) municipalities and village development committees (VDCs) have been entrusted coordinate the activities of NGO in their respective areas. As provision made in the ac, with respect to the plan formulation, VDCs should invite projects from the NGOs section 43 shall have to encourage the NGOs for the acts of identification formulation, approval operation supervision, evaluation repair and maintenance of the village development programs within each village development area and NGOs shall be operated through their own resources and the resources obtained from the VDCs as well a DDCs section 5T (Ministry of Law 1999). It shows that the LSGA has provided a wider space to the local government bodies and NGOs to work together in the local developmental activities at local level.

### **2.1.2 Understanding of Sustainability**

Sustainability, in general terms, is the ability to maintain the balance of a certain process or state in any system. It is now most frequently used in connection with biological and human systems. Since the 1980s, the idea of sustainability has become increasingly associated with the integration of environmental, social and economic spheres and in the early twenty-first century sustainability has become the dominant political discourse, penetrating numerous sectors of society, including academic disciplines, political parties, government agencies, local authorities and community organizations (Barr, 2008). Nevertheless, sustainability as a term proliferates a range of contexts, from when we visit the supermarket (sustainable food from sustainable agriculture), when we go to work (companies having a sustainability officer), or when we go on holiday (sustainable tourism)” (Barr, 2008). Steward Barr concludes that even sustainable development is already a huge success, the proliferation of the term neither provides an assurance that everyone is clear about its definition nor does it imply that changes in people's attitudes and behaviours are achieved (Barr, 2008, p. 30).

Moldan and Dahal define sustainable development as “development of a human, social and economic system able to maintain itself indefinitely in harmony with the biophysical systems of the planet”. This definition builds on the three rings model and it mirrors the challenges that sustainable development faces according to Jacqueline McGlade: increasing levels of consumerism and the inexorable drive to improve the living conditions of people in the developing world leading to society being pushed up against a wide range of environmental limits (McGlade, 2007, p. xvii). Moldan & Dahal implicitly expect sustainable development to invoke significant social change by concluding that sustainable development is perhaps the most challenging policy concept ever developed. Its core objective is a kind of ethical imperative: the opportunity for everybody everywhere and at any time to live a dignified life in his or her respective society (Moldan & Dahal, 2007, p. 2). Sustainability can be understood on different type viz. organizational, sustainability of services and financial sustainability.

### **2.1.2.1 Organizational Sustainability**

Organizational sustainability is the ability of the organization to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time without excessive dependence on any single funding source. The objective is to maintain and build the capacity of an organization that is providing a beneficial service in a community.(USAiD, 1994). Many people equate an organization's sustainability with its financial strength, but this alone becomes irrelevant over time. (Mavuto, 2013) 1 lists some characteristics of a sustainable NGO which include strategy, established constituency, sound organizational governance, enlightened management, learning the culture and good public relations. Many times NGOs did not have governance instruments such as constitutions, policies and guidelines and this tended to scare off potential donors. (Batti, 2014).

### **2.1.2.2 The sustainability of services**

Sustainability of services means that the services provided, and/or the health impact made, continue long after the original or primary donor funding is withdrawn. Efforts to improve the sustainability of services focus on maintaining and improving the provision, quality, and impact of services rather than on building the capacity of the organizations that provide those services. In other words, the focus is on ensuring the continuation of services, not the organizations that deliver them.

**2.1.2.3 Financial sustainability:** Financial sustainability can be gauged by an organization's net income (the surplus of revenues over expenses); liquidity (the cash available to pay bills); and solvency (the relationship of assets and debt or liabilities). All of the organizations contacted seek to sustain their core services; which requires maintaining revenues to cover operating costs. All are aware that technology evolves rapidly and they seek to sustain their capacity to keep up with the evolution. This means sustaining the know-how to advise others and upgrading the technology they utilize. (Ramírez, Aitkin, Kora & Richardson, 2002). The financial sustainability is related to social enterprising, another factor of NGOs sustainability which is discussed more on the following respective topic.

#### **2.1.2.4 Factors of NGO Sustainability**

Sustainability of NGO Enterprising partnership with the growing concept of sustaining the benefits, the community moves from a receiver to passive financiers. Our findings suggest that such partnership is difficult to create if organizations rely on multiple grants. Although all studied organizations have problems along these lines, it appeared to be more common among the health service organizations (HSOs) and Community Development Organizations (CDOs). The IGOs are less likely to depend entirely on external support and are equally secure and viable for long-term. On the other hand, Social Service Organizations (SSOs) are likely to expect continuing support from its own mother corporate groups with vested interests in the non-profit mission and its activities. NGOs may seek to use a client-driven strategy in which they attempt to maintain close coordination between the service staff and key program staff who has the central responsibility to implement the program. Such coordination structures counteract the tendency to decouple the delivery of service from the maintenance of funding relationships. Only a few NGOs use client-driven strategy because they had unrestricted financing and could use their corporate support to initiate new programs and services. Even so, a client-driven strategy requires to be followed intermittently and is easily compromised. (Ravichandran, 2011)

#### **2.1.2.5 Quality Services with Program Demand**

An important factor sustaining any service is quality. It lies at the heart of partnership that is, exchanging value for value. People do not value low-quality products and services and will not use them even when they are free. However, providing quality services on a continual basis are difficult but it could help to meet the mission of the organization and fulfil the perceived community quality. It has been observed from the studied organizations that communities are willing to pay for the services and products that they believe to be of high quality. Charging fee often called a cost recovery is an approach to generating revenue that all NGOs consider. It is based on the concept of partnership: people paying for the services and products they value. In general two sets of challenges for the improvement of the quality are identified, a) how to structure internal resources to be most consistent with external demands? and b) how to use available resources effectively? Both of the challenges are interdependent and may limit the ability to solve problems. The issues match the quality and skills with the demands of

programs establishing organizational leadership and structure to develop a coherent organization mission and vision. Broader quality improvements are likely to intensify these types of problems, especially for HSOs. Interaction with the studied organizations revealed that the supply of competent employees is shrinking which ultimately affects the quality of services. (Ravichandran, 2011)

#### **2.1.2.6 Resource Mobilization the Key to NGO Sustainability**

Organizations without a strong sustainability culture will not grow. A good sustainability culture exists when all staff respects their donors and want to understand and meet their needs. A good culture exists when staff members value program and sustainability as two necessary components of a successful organization and appreciate their interconnectedness. An organizational culture that is flexible helps an organization is looking for ways to maximize resources, in finding innovative ways of raising funds or carrying out programs in challenging environments. However it is important for organizations to realize that the sustainability of an organization does not only depend on the resources an organization has but it is also affected by the following: existence of competent staff, supportive policies, internal systems to manage assets, an organization's ability to establish relationships with individuals and organizations and organizational culture that reinforces sustainability efforts. When an organization is competing for resources and other support in a very tight marketplace the organization's appeal has to be different, better, “cheaper” and unique. A donor has no reason to select an organization over another if there no evidence of innovativeness or value in supporting an organization and therefore it is crucial to view an organization's mission from the perspective of current and potential donors and emphasize those aspects of an organization's work which are appealing from a donor's perspective.

There are windows of opportunities that exist within countries that sometimes NGOs fail to exploit due to lack of awareness that the opportunities exist. For example, according to Beverly, indicates that government funds available were not accessed by civil society organizations due to inadequate awareness about the availability and the procedures required accessing the funds. (Beverly, 2012)



### **2.1.3 Origin and Conceptualization of Community**

In this literature of sociology, the concept of community has since the 19<sup>th</sup> century, been contested with the idea of society, which was promoted by European conservatives and their counterparts in North America who saw primarily the dark side of the industrial revolution (Berger, 1988). Today, it has remained one of the central concerns in the social science and development discourses. Yet in the literature the concept lack prices understanding Parada, Barmoff and Homan(2010) describe the term "community" in term of these elements or in three ways (a) a territory or a place that is a geographical area which defined physical boundaries (b) social organizations or institutions that provide regular interaction among residents-individuals', shared interests, activities and affection or people having the same interest and (c) social interaction on matters concerning a common interest or community based on identity such as people or group or people who share common race, age and religious.

Warren(1978) views community from different four perspectives: Community as space- the distribution and the clustering of people in space, community as shared institutions and Values- the common human interests and needs that lay the foundation for a common way of life, Community as interaction- the social process that take place in a community and community as a social system- the processes that go on within and outside the community (Indabawa & Mpofu, 2006). Azarya (2005) distinguishes two types of community: territorial and nonterritorial. Territorial refers to a group-sharing a defined physical space or geographical areas such as neighbourhood, city and village Nonterritorial denotes a group sharing common traits a sense of belonging and mandating social ties which shape a distinctive social entity.

Thus, the concept of community can be viewed from different perspectives. These different forms of communities are complex because they are often overlapped and influence each other. A particular community is more than simply a geographical area that is a community has certain features as well. In this regard Swanepoel; and Beer (2006) state that community is usually defined in terms of geographical locality, shard interests or needs, or in terms of deprivation and disadvantages. Further, Indabwa and Mpofu (2006) elaborate that community refers not only to the place but also to the people who reside in that place, and the common features that distinguish them as a

community. It is defined by its people or a group of people living in a particular place, people who share some commonalities such as common language, share common ways of doing works and common norms values customs make up a community. Edwards and Jones (1976) also highlighted the same concept. They view the community as a grouping of people who reside in a specific locality and who exercise some degree of local autonomy in organizing their social life in such a way that they can, from that locality base, satisfy the full range of their daily needs (Swamepoel & Beer, 2006).

With respect to the conceptualization of the term: community" the view of Parada, Barnoff, Moffant, and Homan (2010) seems more persuasive. They state, "A community is a number of people who share a district social location, belief, identify, or other characteristics that clearly identify their commonality and differentiate them from those not sharing it (pp. 115-116)". In the literature, the most important base of community is common territory but it is not sufficient. To be a community, the territory should have common ties, a sense of belongingness, a common belief, some common values, interest, kinship and relations (Azarya, 2005). Based on above discussion, the term "community" is taken as a geographical place, a natural human interconnectedness where people live together, share some commonalities, share some common purposes and view themselves a distinct from others.

#### **2.1.4 Theoretical Discussion on Community Development**

The term "community development" has wider meaning and it has remained an elusive concept in the discussion of development discourses. As Heeman and Birrell (2011) note that community development has proved difficult to define and the idea of community varies widely depending on the context of the discussion and debate. The underlying principle of community development is that people at the local level can be empowered to improve their own social conditions by solving social problems. There are various views among the scholars regarding the concept of community development Jayapalan(2001) states that community development is a process of social action in which people in the community organize themselves for planning and action, defining their common needs and problems, executing these plans and action utilizing community resources as well as services and material from government and NGOs that people at local level can be empowered to improve their own social conditions by solving social problems. There are various views among the scholars regarding the concept of

community development. Jayapalan (2001) states that community development is a process of social action in which people in the community organize themselves for planning and action, defining their common needs and problems, executing these plans and action utilizing community resources as well as services and material from government and NGOs outside the community. Further, he highlights inherent ideas of community development as: it is focused on the development of the people, it is a process, and it is a dynamic and unified problem-solving approach. In this sense of a particular community unite community development refers to the process by which people of a particular community unite themselves with the government authorities as well as social organizations to improve and advance their social life and social progress at the local level.

Heenan and Birrell (2011, p 75) write:....community development is about achieving social and change and refers to a set of methods or ways of working with local groups to identify and tackle problems and develop appropriate evidence-based strategies. It aims to raise capacity by giving local people the skill and knowledge to address their own needs.

This concept of community development is closely associated with the concept of local development since the primary purpose of community development is to enhance the effectiveness and capacity of community through community engagement, empowerment, and capacity building at local level. Gilchrist and Taylor (2011) mention that community development is often described as a long-term value-based process. Its overarching purpose is to promote social justice.

Social scientists view community development from different perspectives viz, a process, outcome and a method. Jayapalan (2001) views community development as a process- a proc way of living rural communities towards a progressive way, as an of change from the traditional method it assists local communities to develop their own capacity and as it helps to accomplish certain activities to enhance the welfare of the people of the community. More precisely and broadly, Philips and Pittman (2009) consider community development, both, a process and a result or outcome. As a process, it refers to developing and enhancing the ability of a community to act collectively. It focuses on the teaching people how to work together to solve common problems. In

terms of a result or outcome, it refers to taking collective action and the result of that action for improvement in a community in any or all realms: physical, environmental, cultural, social, political, and economic, it focuses on local decision making, development, and social action to promote economic, social and environmental situation of the community.

The widest ranging recent definition of community definition was agreed by the representative of 30 countries in a conference in Budapest, Hungary, in April 2004, organized by the International Association for Community Development. The Budapest Declaration defines community development in the following way: community development of strengthening civil society by prioritizing the actions of communities, and their perspectives in the development of social, economic and environmental policy. It strengthens the capacity of people as active citizens through their community groups, organizations, and networks; and the capacity of institutions and agencies (public and to work in dialogue with shape and determine the change in their communities. It a crucial role in supporting active life by promoting the autonomous voice of disadvantaged and vulnerable communities, It has set for core values social principles covering human right social inclusion, equality, and respect and specific knowledge base (Craig, 2005).

This definition emphasizes the capacity building of the community and partnership among the community stakeholders. Similarly, Homan (2011) supports the concept of community development accepted by Budapest conference. He views that community development is intended to increase the capacities of a group of people in order for them to increase their efficacy: to achieve their intended purpose and to provide for more full and satisfying lives for all members of the group or community (p.62).

So what, then, is community development? In the light of the above-mentioned discussion, the community development is considered to be one aspect of development. As Homan (2011) asserts that community development is usually concerned with the social infrastructure development-one important aspect of three broad aspects of development. Economic development is concerned with the generating and distributing financial wealth and physical development focuses on more tangible physical things. However, community development emphasizes improving interaction among community members, expanding networks of relationships and bringing people together to prevent

or solve community problems. Thus, as a social infrastructure development, community development emphasizes enabling people of the community to move towards the goal of self-improvement and to develop their capacity to deal with their own problems

#### **2.1.4.1 Elements of Community Development**

As discussed above, the basic objective of community development is to improve the capacity the community to promote the overall circumstances the people of a particular community. To achieve this broad objective, there are certain underlying considerations that need to be adopted in the process of community development. Many scholars have discussed these elements in a variety of ways. Jayapalan (2001) discusses some underlying principles of community development. According to him, activities must correspond to the basic needs of the community should increase the participation of the people in community affairs. should encourage local leadership, should adopt consistent policies and specific administrative arrangement, should mobilize local and national resources, voluntary NGOs should fully be utilized in community development programs, Heenan and Birrell (2011) highlight basic tenets of community development, According to the community development is based on collective action, embraces the idea of active citizenship citizen can take action to influence public policy decisions, get empowerment through gaining knowledge, acquire information. Skills, expertise, and responsibility: encourages participation and inclusion in the community and voluntary action and it encourages partnership and collaboration between community groups as well as with local and central government or with the voluntary and private sector.

Similarly, Gilchrist and Taylor (2011), as well as Gilchrist (2009), describe core values o community development. They note: promotion of equality and social justice that is the development of an equal society with wealth, opportunities, and power more evenly distributed across the population should be the overarching objective of community development. Community development demonstrates an awareness of the structural inequalities associated with class, gender, race, and disability. It places great emphasis on participation, empowerment, collective working, cooperation or partnership arrangements, the value of learning and reflection, capacity building: political awareness and dialogue.

The above-mentioned conceptualization and the basic elements of the concept of community development show the concept to be quite broad, multifaceted and vague and the field of community development so be wide. Moreover Vasso (2008) says that the term community development is often misunderstood ...because the term itself is elusive and open to many subjective interpretations by those involved directly or indirectly in community development (pp. 123-124), It is also defined by the cultural, social, political and economic realities of the particular countries and communities where it is carried out (Compfens, 1999). However, as mentioned earlier, the conceptualization of the Budapest conference seems more persuasive which emphasizes the capacity building aspect of the community development and partnership among the community stakeholder similarly, Homan (2011) concludes that community development really about three things: first, capacity building- the ability of a community to effectively and confidently act on its own behalf to provide for the well-being; second, asset building-increasing the number and usefulness of community assets that are available of members; and third ownership building- having the final say on matters affecting their life and important role in the community (p. 62). He further adds that the crucial notion of community development is building community capacity. More precisely, Staples (2004) argues that the goal of community development is to develop the internal capacity of the community to make improvements, solve problems, generate its own leadership, strengthen the social relationship, and function more effectively. In community development, there is a strong emphasis on capacity building for both individuals and the community. He concludes that typically community development has three goals: problem solution, capacity building and the development of social solidarity-the ties that bind (p.8). In a single study, it is not possible to incorporate all the dimensions of community development. To make the study more specific, only the community capacity building dimension a core aspect of community development is taken into consideration.

#### **2.1.4.2 Conceptualizing Community Capacity Building**

The term community capacity has been widely recognized as an interesting and potentially useful concept in the community development literature. However, its conceptualization and measurement remain elusive. In the community development literature a total of 83 characteristics of community capacity can be found (Kwan, Frankish, Quantz & Flores, 2003). It indicates the broad, multidimensional and complex nature of the term. James (2002) define the capacity building as an ongoing process of

helping people, organizations, and societies improve and adapt to changes around them (Kirk & Shutte, 2004). Chaskin, et al. (2001) note, in the context of community, capacity implies the ability of a particular community to act in a particular way. It has a specific power to do certain things that relate to a number of aspects of community functioning which are all concerned with ways to help promote or sustain the well being of the community and its components individuals, informal groups, organizations, social networks, and the physical environment. Therefore, community capacity refers to the capability that exists within communities. The community capacity buildings, thus, is concerned with the empowerment, development and enhance the capacity of individuals, institutions and a particular community.

Community capacity is regarded as the asset and process that a community brings to the process of developing community wellbeing and mutual benefits. It is a planned intervention to expand, enrich, and improve capacity which requires enhanced capital or resources, altered interaction community members or improved member attitudes, knowledge and skills. It is the among planned process of community asset development for the purpose of improving community well, Chaskin, et. al. (2001) writes: being (Andrews & Motes, 2007). More comprehensively, Community capacity is the interaction of human capital, organizational resources and social capital existing within a given community that can be leveraged to solve collective problems and improve or maintain the well-being of that community. It may operate through informal social processes and/or organized efforts by individuals, organizations and social networks that exist among them and between them and the larger systems of which the community is a part (p.7).

In any particular community, there are some kinds of financial resources, physical resources, human resources and social resources. The availability and quality of these resources within the community profoundly affects the quality of lives in the community. According to Skinner (1997), community capacity building involves development work which strengthens the ability of community-based organizations and groups to build their structures, systems, people, and skills it enables them to better define and achieve their objectives and engage in consultation, planning development and management. It helps the community to take an active and equal role in partnerships with their agencies (Duncan & Thomas, 2002). Community capacity building is the processes in which

individuals and groups improve their skills and develop capacities to organize local communities perform different functions, solve community issues and problems, and advice objectives (Mohamad, Talib, Ahmad, Shah, Leong, & Ahmad, 2012).

Similarly, Chaskin, et al. (2001) elaborate four core characteristics of community capacity: first, a sense of community-reflects a degree of connectedness among community members second, commitment- describes the responsibility that individual, groups, and organizations take responsibilities what happened in the community: third, the ability to solve problem- no translate commitment into action and forth and last, access to resources all economic, human, physical and political resources within or beyond the community (pp. 14-16). Thus, communion building refers to all activities that support a particular community in improving its long-term ability to achieve its mission and objectives by utilizing its own skills, leadership, resources, power, values, norms and efforts in an effective manner to obtain the desired result.

While discussing the capacity building, the dimensions of community capacity are important concerns which refer to the various components of building capacity in a particular community. Labonte and Laverack (2001) have presented nine dimensions of community capacity which aim to improve community participation, develop local leadership, build empowering organizational structures, increase community member's problem assessment capacities, enhance community members abilities-to ask why, improve community resource mobilization, strengthen community links to other organizations and people, create an equitable relationship with outside agents. Increase an equitable relationship with outside agents and increase community control over management (p. 130).

More comprehensively, Goodman et al. (1998) highlight various dimensions and sub-dimensions of community capacity and their fundamental characteristics resulted from a symposium as presented in table 2.2.



**Table 2.2****Dimensions and Sub-dimensions of Community Capacity**

<b>S.N.</b>	<b>Dimensions and sub-dimensions</b>	<b>Characteristics</b>
<b>01</b>	Participation	Strong participant base, the diverse network that enables different interests to take collective action, citizens' involvement in defining and resolving needs.
<b>02</b>	Leadership	The inclusion of formal and informal leaders. providing direction and structure for participants, facilitating the sharing of information and resources, shaping and cultivating the development of new leaders
<b>03</b>	Skills	The ability to engage constructively in group process, conflict resolution, problem-solving, planning and implementation of policies, resource mobilization, and policy advocacy.
<b>04</b>	Resources	Access and sharing of resources that are both internal and external to a community, social capital, or the ability to generate trust confidence, and cooperation
<b>05</b>	Social and inter-organization networks	Reciprocal links throughout the over network, freq organizational supportive interactions, overlap with other networks within a community, the ability to form a new association.
<b>06</b>	Sense of community	High level of concern for community issues, respect, generosity, and service to others, sense of connection with the place and people, fulfilment of needs through membership.
<b>07</b>	Understanding of community history	Awareness of important social, political, economic changes, of community awareness of community standing relative to other communities.
<b>08</b>	Community power	The ability to create or resist change regarding community interests, or experiences, power with others, influence across a variety of domains or community contexts,
<b>09</b>	Community Values	Clearly defined norms, standards, and attributes, consensus building about values.
<b>10</b>	Critical reflection	The ability to reflect on the assumptions underlying our and others ideas and actions, the ability to reason logically, the ability for organizations to self-analyze their efforts at change over time.

*Source: Goodman et al. (1998 pp. 161-162)*

According to Goodman et al., these dimensions are not exhaustive and they serve to construct and to operationalize ways to assess capacity in communities. These dimensions are not isolated rather are overlapped, often difficult to separate and they influence each other. Both Goodman et al. and Labonte and Laverack (2001) give emphasis on similar dimensions of community capacity building. Among the community participation and leadership building, a community is taken into consideration in this study.

### **2.1.5 Community Engagement/Participation: A Theoretical Perspective**

Development is people's business. Development without people's participation is like that of a wheel without spokes. Participation presupposes belongingness and culminates in control and ownership of the people (Bhose, 2003). Similarly, at a community level, power is participation and participation is power (Castelloe, Watson & White, 2002). These views reflect the key theme of community participation that is people are the means as well as the end of the development. This section discusses the various theoretical aspects of participation and its recent conceptualization in the in the field of development discourse.

The concept of community participation or people's participation is not new. The Greek Philosopher Aristotle discussed a clear relationship between the extent of the participatory development and the creation of good life (Mohanani, 2005). The concept of community participation in rural and local development has been recognized as an essential component since the early 1950s (Schubeler, 1996). However, the concept got momentum in the development discourse in the 1960s as a result of the failure of top-down approach to development and appeared in the scene in the 1970s as an alternative paradigm as well as an umbrella term in the development discourse It slowly got stronger as a dominant paradigm in the 1980s (Mohanani, 2005& Butcher, 2007).

Participation means different thing to different people and even to the same people depending on the issue, it's timing, and the political setting in which it takes place (Sanoff, 2000). Despite its complex nature, in the narrow sense participation refers to a membership in community activity. However, in the broader sense, it is defined as a dynamic process in which member of a community articulate their voice and influence in decision making (Sinha, 2006).

It focuses on the role of community stakeholders to fulfil the demand and aspiration of a particular community. It is an important dimension of development since development has been defined as the process by which powerless people in the society are freed from all forms of dependency- social, cultural, and political, so that they can create a personal sense of history for themselves and thereby expresses their full potential as human beings (Bhose, 2003), It enhance people's capacity to influence in managing community affairs through formal as well as informal process.

It involves communities in decision making and implementation that directly or indirectly affect their daily lives. Thus it refers to a greater degree of control over community activity rather than control being exercised from outside (Butcher, 2007).

Community engagement efforts emphasize the role of community members in their own development efforts. As Castelloe, Watson and White (2002) assert that participatory development is useful for facilitating participation in community assessment, project planning, and project implementation. It ensures that community improvement projects are planned carried out driven and controlled by marginalized people. It gives emphasis on building capacity of grassroots group o that they will be able to work in community over the period of time without external support The purposes of community participation are to increase peoples' trust and confidence: provide people with a voice in design and decision making for improving service delivery and seeking solutions to problems and promote a sense of community by bringing people together. It enhances individual earning through increased awareness of problems (Sanoff, 2000). It, directly and indirectly, influences the flow of resources and encourages community residents to invest their resources toward fulfilling the real needs and aspiration of a community as a whole (Schubeler 1996). Thus, community participation should be clear, communicable, and transparent in order to maximize individual learning. Similarly, efforts to participation should encourage dialogue debate, consultation, and collaboration between community stakeholders so that they can influence the community activity and achieve desired results (Sanofi, 2000). There are various factors that determine the level of community participation. For instance, Santhanm (1993) notes that for making participation effective people of all classes should be involved in all stages of planning process including need identification, priority determination, decision making and

implementation, and evaluation process, Further he adds that factors such as the feeling of being consulted, mutual respect, sense of satisfaction of being a member in a group and economic benefit from the project influence the level of participation (quoted in Mohanan, 2005). The feeling of respect promotes ownership in the community activity, greater loyalty, and motivation (Sinha, 2006). Participation can effectively be addressed if the issues associated with it are conceptualized by answering the certain questions: who are to be involved? What do we wish to have performed? How should people be involved? And when is participation needed? (Sanoff, 2000). To be effective, community participation should have a clear objective, planning, process and suitable participants in each process. Community participation may exist in a wide variety of forms that is there are various strategies for community participation. Schubeler (1996) highlights four types of strategies: **a.**Community base strategy refers to the elementary form of participation. Its main objective is to support the local development through enhancing the capacity of community groups, **b,** area-based strategy people are involved or participated at various stages of government directed s for enhancing the efficiency and reducing the cost of government activities. **c.** functional based strategy- provides an opportunity where community stakeholders collaborate between various areas of responsibility and take responsibility for managing community affairs. **d.** process based strategy-emphasizes decentralization that is developing decision making process and operational responsibility at the local level through decentralization.

The ultimate goal of participation is to support and empower marginalized groups of the community since they need the power to control over their own development and participate in the decisions that affect their lives (Castelloe, Watson & White, 2002). In this sense, the goal of participation in community development that is strengthening people's power and encourages them to articulate their interests while dealing with the pressing issues of their community.

As noted above, the concept of participation has been closely associated with the development. The thinking and efforts to development have transformed over time. Thus, along with the transformation in the thinking and practice of development, the conceptualization of the concept of participation has also been transformed. Hickey and Mohan (2005) assert that participation has been a central concern for a number of approaches to development. They also highlight different approaches to participation adopted since the 1940s to date as presented in table 2.3.

**Table 2.3**  
**Participation in Development Theory and Practice: A Selective History**

Era	Approach	Approach to Citizenship	Locus
1940-1950s	Community Development	Participation as an obligation of citizenship	Community
1960s	Political Participation	Participation as a right and an obligation of citizenship	Political system and citizen
1960s-1970s	Emancipatory participation	Participation as a right of citizenship of participatory citizenship as a means of challenging marginalization.	Economic and civic spheres, community and citizens.
1970s-1990s	Alternative development	Participation as a right of citizenship and citizenship as a key objective of alternative development.	Communities, civil society and the state through inclusive governance
1980s-Present	Populist participation in development	Participation in projects rather than in broader political communities.	Local Participation
Mid 1990s-Present	Social Capital	Participation as a right and obligation of citizenship	Civic associations
Late 1990s-Present	Participatory governance and citizenship participation	Participation as primarily a rights of citizenship	Citizens, Civil society, state agencies and institutions

*Source: Hickey and Mohan (2005, pp. 6-9)*

As shown in table 2.3, in the contemporary terms the concept and the practice of approach to participation is viewed as participatory governance. Participatory governance is the dominant approach to participation in the contemporary development efforts at the community level. Similarly, local participants, civic associations, citizens, civil society, and state agencies are the central concern of community participation which contributes the NGO sustainability.

#### **2.1.5.1 Community Engagement is a Key Success of NGO Sustainability**

Community engagement is more than just holding a public meeting. It is an ongoing interactive process characterized by a commitment to ever-changing community needs and interests. The outcomes of Community Engagement are sometimes surprising, since

by bringing together community members for a common purpose—people and organizations who are not in the habit of working together—new relationships are formed within the community, as community members learn how to collaborate. The legacy of the Community Engagement becomes more than the installation and application of information and communication technologies (ICTs).

The following five best practices for Community Engagement are key to the success of a “Smart Community Project”. (Ramírez, Aitkin, Kora & Richardson, 2002).

### **Emerging Best Practices for Community Engagement**

1. Community Engagement is an inclusive and ongoing process, involving a broad range of community stakeholders.
2. Community engagement is based on partnerships with community organizations, business, as well as local government, formal and informal leaders.
3. The engagement of community “champions” is key to a successful “Smart Community”.
4. Communication is ongoing and Active.
5. Project management is flexible and responsive to changing local needs and interests.

#### **2.1.6 Leadership Building for NGO Sustainability**

Leadership is a critical part of the NGO management and governance which ensures the NGO sustainability. Leadership is a process of social influence in which the leader exerts purposeful influence over a group of other people with the intention of shaping their conceptions and their behaviour (Boehm, Enoshm & Michal, 2010). One of the aims of community capacity building is to develop leadership capacity in the community to handle community affairs. Thus, this section focuses on the strategies through which community capacity building efforts help to promote leadership at the community level so that organized groups and community-based organizations can bear their role and responsibilities effectively in a particular community. Community leadership contributes to the community in several spheres: it enhances citizen's involvement and the process of empowerment, strengthens the community and plays a role in the development of projects (ibid). Effect community capacity building practice should encourage all members of disadvantaged groups to play an active role in their community life and their

commitment to the community. There are various strategies through which community leaders can be built in the process of community capacity building. The community is composed of many diverse organizations which play a crucial role in the community that help to build leadership capacity in a community. Providing access to resources, opportunities, information, informal networks, training for fostering human capital provide residents with skills, directly and indirectly, promote leadership roles in the community (Chaskin et. al., 2001). Kirk and Shutec (2004) propose a community leadership framework comprising three leading change through dialogue, collective empowerment and connective leadership as shown in figure 2.2.

**Figure 2.2**  
**Community Leadership Development Framework**



*Source: Kirk & Shute (2004, p.239)*

According to Boehm, Enoshm, and Michal (2010) connective leadership are concerned with establishing their roles, effective team working and helping to create and sustain a creative space where collective leadership can flourish. On the other hand, collective empowerment helps individuals to find out their place, role, identity, and voice to develop fruitful relationships with others. Similarly, dialogue helps to promote organizational learning, advance understanding, and reduces unnecessary conflicts between individuals, groups and can lead to an agreement (pp. 239-242). This theoretical model provides a base for analyzing leadership building in a particular community. The essence of the model is that leadership is developed in a particular community if there is a practice of adopting connective leadership-team working and

collective leadership; collective empowerment- interconnection of individuals or networking and dialogue- open discussion.

Based on the finding of a symposium, Ouellette Lazear and Chamber (1999) conclude that leadership enhancement and development of grassroots community leaders is not a static process do not always rather it is acquired through a dynamic process. True grassroots community leaders evolve from a formal organizational context or from skill oriented leadership training activity alone rather from the living realities of a particular community. Similarly, contextual issues are important when initiating leadership enhancement and development activities with the grassroots community. Thus, the literature of community leadership highlights that community leadership building is a dynamic process that ensures the NGO sustainable. The task of leadership building cannot be accomplished through individual efforts rather through networking: sharing of information, resources, and expertise; open discussion, team building and active participation over time.

### **2.1.7 Community Development in the Context of Nepal**

This section discusses the practice of community development in the context of Nepal. The discussion is primarily based on the policies adopted in Nepalese context over time. Thus, on the basis of analyzing plan documents that is the policy adopted in Nepal, other literature and their analysis, the practice of community development is sketched. As discussed earlier, the theory and practice of community development in the world were started after the Second World War. The approach has gained popularity after the post-colonial era since many newly independent countries adopted community-driven development as a means as well as a prerequisite for their over a development. The approach to community development has been shifted over the period of time and priority has been given to different programs across the world. Nepal has also been affected by the global trends. Pyakuryal (n.d.) states that the community approach was imported from India under the name of Village Development and was introduced in 1951. The community development relied on government village level workers (VLW) as the agents of change who were advised to collaborate with local people to help them find their felt and unfelt needs.



Nepal adopted planning system in 1956. In the first five years plan (1956-61), priority was given to village development. As stated in the plan, any program for improving the condition of the country must naturally be devoted in large part to the development of rural areas (National Planning Commission, 1956). In the plan period, the focus was given to urgent problems confronting rural communities such as problems of education, health, water supply, housing and transportation, social and cultural activity. In the second plan, the government continued its previous programs. However, in the third plan (1965-1970), the government brought the concept of decentralization as an important medium of mobilizing the resources to provide an opportunity to all citizens, to participate in the developmental activities at local level, to provide authority and responsibility to local bodies (Panchayats) and to serve effectively for economic development (National Planning Commission, 1965).

In Nepal, during 1960 to 1990, the national political system was based on a partyless system known as Panchayat system. During that period, the social objective of state/Nepal was guided within the framework of the guidelines set forth in the constitution of Nepal 1962. The Panchayats (district Panchayat, Nagar Panchayat, village Panchayat) were considered an important medium for the mobilization of local resources and implementation of national development to create a sense of mutual cooperation, to coordinate between various local bodies, to mobilize manpower at local level and to ensure participation of the people in social welfare and national development (National Planning Commission, 1970). Since the third plan (in 1965) Panchayat sector was introduced as an alternative sector along with the public and the private sector to mobilize local resources and to contribute to the development of the country. The Integrated Village Development Projects were an important program of Panchayat sector (National Planning Commission, 1985).

Until the fourth plan (1970-1975), the trickle-down approach was adopted and infrastructure development was considered as a prerequisite for other developmental activities in Nepal. The government did not give priority to rural development. National Planning Commission (1975) states in the fifth plan (1975-80) much focus was given to rural development programs. In the sixth plan (1980-85) government emphasized the Panchayat sector to maximize the mobilization of local resources and policy framework was designed to promote integrated rural development program to meet local needs

(National Planning Commission, 1980). The government adopted various programs viz. district plan, local development programs, integrated rural development programs and remote area development program (National Planning Communication, 1980) Dhungel and Field (1991) state that the government launched altogether 10 integrated rural development projects to deal with the problems of particular areas and specific target groups and communities across the country. As a continuity of local development, the decentralized system was designed in the seventh plan to enable every district and to create a basic groundwork for the rural development in Nepal. During this period, formulation and execution of plan at the local level, capacity building of the local institutions, decentralization of authority and responsibility at the village level, town and district level were considered important conditions for the decentralized development (National Planning Commission, 1985). For the promotion of decentralized system in planning and execution of social and economic development activities at local level, a Decentralization Act -1982 and a Decentralization Regulation -1984 were also promulgated. The seventh plan was the last plan document during the Panchayat regime. In the late 1980s and beginning of the 1990s, various community-based programs were implemented viz Dhalko urban community development project, training in upgrading and slum improvement project, Courtyard rehabilitation program, urban basic service and Balaju squatter settlement improvement program. Although some efforts yielded from these programs in creating awareness by teaching people in the society, most of the programs and efforts could not produce fruitful results since they lacked legal and institutional framework, autonomy to local government bodies and were heavily influenced by various interests rather than the interest of the poor (Joshi, 1993).

In Nepal, the democratic principles suffered from the party less political system till 1990. Many scholars argue that different efforts, programs, and policies adopted in that period could not produce a fruitful result as expected. Brown (2003) argues that the Panchayat system compartmentalized Nepali society, served to distance ordinary people from the political process, reduced political activity to the village level, policy-making functions were the prerogative of the central secretariat, some elected political elites, and state bureaucracy. The over-centralised system of policy-making hampered the rural and community development. Similarly, regarding the local and community-based activities, Joshi (1993) comments that during the Panchayat system, the legal provision, institutional framework, and aims were to allow community-based activities and to bring

awareness and changes at the local level. However, the government adopted plans to devolve authority to local level on the basis of top-down approach so various attempts made by the government towards decentralization invariably failed. Furthermore, the administrative structure of political system did not allow the local and community-based institutions to play a decisive role. The local and grassroots interests could not be reflected in the local development efforts.

After the political change that is the restoration of democracy in 1990, the government adopted a new approach to development. The new political environment created a growing interest, awareness, political consciousness and participation of the people in the development process which, in turn, provided a fertile ground for community-based programs.

In the eighth plan (1992-1997), government gave focus on social welfare sector to improve the social, economic and physical conditions of the people and the non-government organizations were taken as a partner to upgrade the living standard of the socially and economically excluded sections of the people and to promote public awareness to bring greater social welfare in the community. During the plan period the government launched various programs viz. integrated rural development projects, urban area basic services, woman's development programs, programs for backward and ethnic communities, block grants to uplift the marginalized section of the society (National Planning Commission, 1992). In the eighth plan, remote area development programs were directed toward construction of community infrastructure including the capacity building of local bodies and local development policies and programs were implemented for the development of backward communities.

Since the ninth plan (1997-2002), the Nepalese government realized the fact that overall development of the country is meaningful only when all communities residing in it are developed. The aims of the plan were to bring the knowledge, skill and ability of downtrodden and oppressed community in the mainstream of national development through empowering them, to enhance the economic and social capability of such community by modernizing their occupational practices and to uplift the socio-economic status of downtrodden and oppressed community through eliminating social disparity (National Planning Commission, 1997). Thus, the programs were integrated for the downtrodden

group and deprived community by incorporating their participation in the due process of national development and building community capital through social mobilization, empowering by providing knowledge, skill, and ability. Similarly, in the tenth plan (2002-2007) was reiterated that all-round development is possible only if the multi-ethnic groups, multi-lingual and various groups and communities within the country develop in a proportionate manner. The vision of the plan was to raise the living standard of the neglected communities by empowering them on the basis of equality and mainstream them in the national development efforts. In the subsequent periodic plans, the government continued different programs related to community development (National Planning Commission, 2002). To achieve the goal of current plan (2010-2013), the GoN has adopted various policy measures to promote local and community-led development in Nepal. The GoN has launched Local Governance and Community Development Program (LGCDP) national framework to support local governance and community development at all levels and by all stakeholders (Ministry of Local Development, 2008).

As sketched above, efforts for local and community development have remained one of the core concerns since the beginning of the 1950s and especially with the adoption of the periodic plan in 1956. However, a coherent effort was adopted in the 1990s as a democratic political system established in Nepal. In this regard, Mishra (1985) argues that the Panchayat political system characterized as highly centralized and bureaucratic state which hindered local development initiatives. Different efforts created enthusiasm in the people but in practice, policies were designed to popularize the political system and to increase the authority to the monarch. In addition, due to a superficial gesture and Kathmandu based policy, various efforts could not produce a fruitful result (Brown, 2003). The reason for the failure was that various efforts towards decentralized development, community and local development during that period were implemented without the active involvement of people at grassroots level and did not follow the bottom-up approach.

The review of the practice of community development in Nepalese context shows that in about six-decade-long practice of the adoption of periodic plans and efforts for national development, various attempts have been made and different programs have been implemented. It can be observed that efforts to community development have been

closely associated with rural development, social welfare, skill development, local development, participation at local level, upliftment of oppressed and neglected communities, human development at local level, empowerment and mainstreaming of the vulnerable groups, eliminating social discrimination, development of backward communities and so on. More specifically, efforts of community development adopted in the past and in the present are oriented to build social infrastructure for enhancing the rural and local development.

#### **2.1.5.7.1 Participatory Governance**

As a result of profound change in the thinking and practice of alternative approach to development efforts in the 1990s, participatory governance has emerged as a new dominant paradigm in development discourse which emphasizes the role of the state or government, the private sector and the civil society sector and their effective interaction, It has emerged in response to the crisis of traditional representative democracy (Malena, 2000) It denotes the exercise of direct authority, and control by the state and other actors. It is characterized by the high level of trust and reciprocity between actors with due priority to political equality, tolerance and inclusiveness; substantial accountability in the various decision-making realms, expressed through active citizen influence and oversight, responsive and responsible leadership; validity and transparency in decision making processes; legitimate authority enhanced by a clear roles responsibilities and effective coordination; a vibrant civil and active citizenry that engage with decision making realm and processes through which collective and individual means irrespective of their gender, ethnicity and wealth (Pieterse, 2000).

It is based on the premise that citizens have both the rights and the responsibilities to contribute to the process of public decision making. Thus, citizen empowerment and the promotion of active citizenship through rights, awareness raising, citizen education, I of mechanisms and introduction platforms for citizen participation, lie a the heart of participatory governance (Malena, 2000) It involves bringing external stakeholders or non-state actors such as citizens, businesses, nongovernmental organizations and civic groups in political process. It refers to governing by inclusion and participation of nonstate actors or organizations in policy-making processes (Jeong, 2010). These views emphasize that participatory governance rejects the top down and state-led approach to public policy making rather focuses on inclusive, button up and citizen's access in all

stages of the policy-making process. It assumes that ordinary citizens should be involved in programs designed for the improvement of their lives and living standards.

Botes and Rensburg (2000) highlight 12 emergent guidelines for ensuring participatory process in the complex and dynamic community. According to them the participatory process should demonstrate an awareness of their status as outsiders to the beneficiary community, respect the community's indigenous contribution as manifested in their knowledge, skills and potential become good facilitators and catalysts of development that assist and stimulate community-based initiatives to promote co-decision-making in defining needs, and formulating policies goal-setting, and formulating policies; communicate both program successes and failures; encompass key values such as solidarity conformity, compassion, respect, human dignity and collective unity; listen to community members, especially the more vulnerable, less vocal and marginalized groups; guard against the domination of some interest groups or a small unrepresentative leadership clique: involve a cross-section of interest groups to collaborate as partners; acknowledge that process-related soft issues are as important as product related hard issues; aim at releasing the energy within a community without exploiting or exhausting them and empower communities to share equitably in the fruits of development through active processes. These measures provide a framework for citizen's involvement in governance and more decentralized, bottom-up, the responsible and democratic relationship between the state, the market and civil society organizations in the community.

As discussed above, people's participation is an approach to development which contributes the NGO sustainability. Thus, the participatory governance is also associated with the participatory development. If we discuss it in the context of community development, it refers to the bottom up, people centre and inclusive approach community development. Its aim is developing the full potentials of people at grassroots level especially the poor, vulnerable, and marginalized social groups of the community which ensures the NGO sustainability.

### **2.1.8 Theoretical Discussion on Partnership and Linkages**

This section discusses the notion of partnership between the government, INGOs, and NGOs. An attempt is also made to analyze a framework upon which the effectiveness of government-NGOs partnership depends on that contributes the NGO sustainability.

#### **2.1.8.1 Overview of Partnership**

Currently, the notion of partnership has become more pervasive in all spheres of society at local, national and international levels. As Crowther and Trott (2004) note that historically the word partnership appeared in the business literature in the 1970s with the aim of reaching out to customers in new ways and making better use of resources through joint ventures. Since the 1980s, the term "partnership" has remained a catchword in the social science discourse. Malawira (2006) and Fowler (2000) write that originally, the concept of partnership was used and understood to reflect humanitarian, moral, political, ideological or spiritual solidarity between the northern NGOs and those from the south.

In the context of public sector-nonprofit sector relationship, Salamon (1987) discussed the phenomenon of government-nonprofit partnership in the context of the United States. He challenged the existing theories of the voluntary sector that is a market failure, government failure, and contract failure and introduced the theory of voluntary sector failure. He listed voluntary sector failure as philanthropic insufficiency, philanthropic particularism, philanthropic paternalism and philanthropic amateurism. He replaced the traditional conception of the welfare state with the concept of "third-party government" and the "market failure" and "government failure" theory of voluntary sector with the concept of "voluntary failure". He introduced the alternative conception of government-nonprofit partnership in the contemporary development discourse. With respect to the voluntary failure theory Wolpert (2003) writes:

Salamon's theory of government-nonprofit relations adopts the perspective of nonprofits as third party agents (among other agents) in delivering services funded under programs steered by the government. The theory of voluntary failure rejects the view that it is merely a residual response to failures of government and the market. He proposes instead that the sector viewed as the preferred mechanism for providing collective goods, with

the government as the residual institutions needed to compensate for certain shortcomings or failing of the voluntary sector.

In the late twentieth century, the NGO sector emerged as a new sector along with the government and the private sector. Since then it was recognized as a partner in development in most of the developing countries. Today, it has widely been practised as an effective means of achieving desired objectives in all sectors viz. for profit, nonprofit and public sector. This section explores the concept of the partnership along with the core elements or value of partnership, various theoretical perspectives related to the partnership between government and NGOs and common modes of government-NGOs partnership.

### **2.1.8.2 Understanding Partnership**

In general, the term "Partnership" refers to any alliance, collaboration and coalition between two or more organizations, entities, and authorities through sharing their resources and responsibilities in en order to achieve a common goal, The terms partnership and collaboration are often used interchangeably, Whittington (2003) points out that collaboration is the collection of knowledge, skills, values, motives and an active process of partnership in action. On the other hand, the partnership is a state of the relationship, at organizational, group, professional or interpersonal level, to be achieved, maintained and reviewed.

World Bank (1998), quoted in Things, (n.d.) defines partnership as a collaborative relationship between entities to work toward shared objectives through a mutually agreed division of labour. Similarly, Food and Agriculture Organization-FAO (1994) defines partnership as a model of interaction among various sectors, agencies, or groups to achieve a particular task, objective, goal, or vision, while maintaining their own institutional autonomy. More precisely (Fosler, 2002) views that collaboration generally involves a higher degree of mutual planning and management among peers, the conscious alignment of goals, strategies, agendas, resources, and activities and equitable commitment of investment and capacities, and the sharing of risks, liabilities, and benefits (Gazley & Brudney, 2007). Thus, from the above-mentioned discussions, it can be found that a partnership is based on mutual trust, openness, shared risk and rewards among the various agencies, institutions, and actors in pursuing desired goals.



### **2.1.8.3 Necessity of Partnership for NGO Sustainability with the Government and INGOs**

The general purpose of a partnership between any type of organizations, groups, agencies, and sector is to enhance the economy, efficiency and effectiveness to achieve desired goals. The current trends towards partnership among all stakeholders are considered as a crucial factor for sustainable local development in the context of development discourse. What factors motivate the government and NGOs with each other? The government and NGOs have certain motivating factors for partnering. So an attempt has been made to explore the factors that motivate the government and I/NGOs to collaborate each other. Crowther and Trott (2004) pointed out that government wants to join in partnership because of decreasing budgets, difficulty to access parts of the community and to gain specialized knowledge of potential partners, to expand resources, to establish leadership within the community on specific issues and to maintain a positive image. On the other hand, nonprofit organizations are motivated in partnering supplement declining revenues, to promote better results, to obtain the grant, fund and rewards; to increase the organization's visibility in the community, to save cost, to reinforce the organization's leadership role in the community and to maintain a positive community image. A research study, regarding the causes of collaboration between local government and nonprofit sector, conducted in Georgia, shows that partnership is valuable in jointly addressing problems improving community access to a service, improving community relations, promoting shared and building a stronger community. The study also shows that nonprofit executives place a greater emphasis on the fact that partnership helps to gain new resources, whereas government executives express their interests in gaining professional expertise through partnership (Gazley & Brudney, 2007). Collaboration confronts and changes basic perceptions about other by recognizing community and conversation as the only means for creating a society of tolerance, justice, and responsibility (Chrislip, 2002). Hence, a collaboration between government and NGOs is the crucial aspect of community development since it facilitates community stakeholders to work for the wider benefits of the community. It has emerged as the best strategy for addressing the problems of the community.

#### **2.1.8.4 A Framework for Analyzing Government-NGOs Partnership**

Is partnership between the government and the NGOs possible? Why should the NGOs and the government cooperate? What are the ways of the interface between the government and NGOs? To answer these questions various theories and models have been developed. In various contexts, the government and NGOs perform a variety of roles. Therefore, the partnership may manifest in a variety of ways. This section seeks to analyze different theoretical perspectives and models of partnership between the government and NGO.

Young (2006) describes three modes of the relation between the government and the nonprofit sector viz. supplementary, complementary and adversaries. In the supplementary model, the nonprofits seen as supplements to the government that is they are seen as fulfilling the demand for public good left unsatisfied by the government. In the complementary model, the nonprofit and government are viewed as a partnership. The nonprofit and government expenditures have a direct relationship with each other. In the third model, nonprofits and government act as adversaries. Nonprofits influence government to make changes in public policy and to maintain accountability to the public whereas government attempts to influence the behaviour of nonprofit. Thus, in the supplementary model two sectors work separately, in the complimentary model their activities are connected and coordinated with one another whereas, in the adversarial model, both sectors oppose one another.

Rajasekhar and Biradar (2004) discuss three types of relationship or collaboration between the government and NGOs: contractual collaboration, institutional collaboration, and facilitative collaboration. In the contractual collaboration, also known as one to one relationship, a single NGO enters into an agreement with the government to perform certain predefined tasks. The government collaborates with NGOs in order to fulfil its targets. In the institutional collaboration, the government and the NGOs perform interrelated roles and work with each other for meeting shared development goals. In this form, the government and NGOs play complementary roles to achieve desired goals. On the third model that is in facilitative collaboration, the NGOs interact with the government on a variety of issues concerning the communities with which they work. In this form, the approaches and motivation of the government and the NGOs may differ.

The NGOs play an important role in capacity building of the target group that enhances the NGOs sustainability.

According to FAO (1994), institutional partnership takes in four forms viz. consultative partnership, coordinative partnership, complementary partnership and critical partnership. A consultative partnership exists among institutions to establish new relations for information exchange. The coordinative partnership is established to avoid duplication of activities for greater efficiency and effectiveness. In the complementary partnership, each party has separate initiatives; they are guided by a common goal to support each other. In the collaborative partnership, partners agreed to work together by sharing a common vision, establishing common objectives and plans of action where mechanism are institutionalized to facilitate delivery of services to their target communities. In the context of critical partnership, both partners consider each other as indispensable and work together on a more strategic long-term vision on various aspects of the socio-economic and political life of the community.

The partnership between the government and I/NGOs has also been discussed from different theoretical perspectives. Fric (2008) analyzes the issue of a partnership between the state and the third sector with the help of different theories. Economic theories, political theories, sociological theories and political theories which regard NGOs as an economic actor; a political actor; an agent of resource mobilization, social mobilization and advocacy; and an integral part for effective service delivery respectively. NGOs and state are organized as collective, interconnected and interdependent policy actors.

From the above discussion, it can be concluded that no one theory is capable of analyzing all the aspects of the government-NGOs partnership. Institutional collaboration, facilitative collaboration, sociological and public policy theories and complementary model share more or less similar assumptions regarding the partnership between the government and the NGOs. So, these theories can be taken as the base for assessing the effective mode of collaboration for the purpose of this study.

#### **2.1.8.5 Factors for Successful Partnership for NGO Sustainability**

The partnership is a binding agreement between two or more entities that are intended to produce economic benefit. Partnerships are not created for the charitable purpose

(McLaughlin, 2010) Partnership provides a way to increase the effectiveness, efficiency, and expertise of each partner. For the achievement of maximum benefit and to achieve desired goals, certain factors or principles should be taken into consideration. Organization for Economic Cooperation and Development-OECD (2006) states that successful partnership enhances the impact and effectiveness of action through combined and mere efficient use of resources. The partnership will be effective if the partners share a strategic vision, pursue compatible targets and are all equal members in a predetermined organizational structure.

Regarding the principles of effective partnership, Brehm (2001) argues that principles for partnership within the NGOs tend to be part organizational culture and values. He further adds that effective partnerships are based on the effectiveness of the work, the quality of the relationship and clarity about the purpose of the partnership. Citing various scholars (Postman, 1994' USAID, 1997; Campbell, 1988 & Lister (n.d.) describes mutual trust, complementary strength, reciprocal accountability, joint decision making, two way exchange of information, clearly articulated goals, equitable distribution of costs and benefits; performance indicators and mechanism to measure performance, shared perception, notion of mutuality with giving and take; mutual support, transparency in financial matters, long-term commitment, recognition of other partners as elements for a successful partnership.

More comprehensively, Heymans (2002) discusses the fundamental principles for the fruitful partnership between the local government and other stakeholders as:

- a) the principle of transparency- clear rules, fairness, keeping stakeholders informed, access to information
- b) the principle of legitimacy and legality-support from key stakeholders, a firm legal basis, and stakeholder consultation
- c) the principle of stakeholder participation- participatory decision making, stakeholder involvement in designing, implementing and monitoring programs
- d) the principle of risk management-reducing and controlling costs, clear allocation of risk between the partners,
- e) the principle of economic and financial sustainability-community support, government acknowledgement, the creation of new opportunities,

- f) the principle of empowerment-bringing benefit to the community, development of social capital, skills, and creation of new opportunities for the people in the community and
- g) policy framework- a general direction and the activities required to support the partnership. The presence or absence of these principles in any partnership initiative between the local government bodies and NGOs determines the success or failure of the Partnership.

Food and Agriculture Organization (1994) elaborates different natures or models of government organization and NGO partnership and key success factors for each mode of the partnership are shown in table 2.4.

**Table 2.4**  
**Nature of Partnership and Key Success Factors**

Nature of Partnership	Key success factors
Consultative partnership	openness, sustained efforts and participatory openness,
coordinative partnership	Openness, regular and sustained efforts representative and clear vision
Complementary partnership	mutual trust, shared vision leadership support and participatory
Collaborative partnership	mutually shared vision, congruence in strategy, trust, Collaborative partnership leadership, participatory clear delineation of tasks/ responsibilities
Critical partnership	common and mutually shared vision, mission and goals

*Source: Food and Agriculture Organization (1994, p.4)*

Thus, above mentioned basic requirements are essential for the sustainable government-NGOs partnership at the local level in community development. These elements are used to assess the effectiveness of the government-NGOs partnership in community development. For the local purpose of this study, it is stipulated that accountability, transparency, clear understanding of each other's policies, mutual trust, shared vision, etc. in partnership between the local government and NGOs would lead to a strong partnership which, in turn, results in better community development.

### **2.1.9 Understanding and Conceptual Review of Social Enterprising**

The old paradigm—where NGOs do the service delivery, private donors' fund it and governments regulate—is withering away. Companies' have become, in effect, the largest overseas development agencies. With the growing recognition that trade and markets are the most important drivers for development, lines of responsibility are getting blurred. Every sector is exploring new roles, working relationships and ways of „doing business-. Partnerships are fast becoming the preferred mechanism for delivering sustainable development.”<sup>4</sup> (Tennyson, Harrison, & Wishart, 2008). However, the sustaining enterprise concept, its policy implication is review there on the basis of Nepalese context in following way.

#### **2.1.9.1 Prospect and Correlation of Non-Profit Organization Vs. For-Profit Business in Nepal**

By definition, Non-Profit Organization means any organization established with a non-profit motive. According to Oxford Dictionary, ‘Non-Profit’ means ‘not making or conducted primarily to make a profit’.

In Nepal, Non-Profit Organization gained legal recognition after the enactment of Associations Registration Act 2034 (1977 AD). Clause (a) of Section 2 of the Associations Registration Act 2034 (1977 AD) states; “*Association*” means an association, institution, club, circle, council, study center etc. established for the purpose of developing and extending social, religious, literary, cultural, scientific, educational, intellectual, philosophical, physical, economic, vocational and philanthropic activities, and also includes the friendship association.”

Ever since the Associations Registration Act, 2034 (1977 AD) was enacted, the number of NGOs getting registered in Nepal grew rapidly since there was no other specific act for regulating NGOs.

Similarly, ‘The Company Act, 2053 (1997 AD)’ repealed by ‘The Companies Act, 2063 (2006 AD)’ come into force on 20 Ashwin 2063 (6 October 2006) to “amend and

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<sup>4</sup> NGO leader interviewed for the XSP project, mentioned in the researched "Emerging Opportunities for NGO-Business Partnership", conducted by Word Vision (2008).

consolidate forthwith the legislation relating to companies in order to bring about dynamism in the economic development of the country by promoting investments in the industrial, commercial and business sectors through the process of economic liberalization, and further simplify and make more convenient and transparent” the processes of establishing, managing and administering companies<sup>5</sup>.

Not just the definition but also the ‘very reason’ behind the emergence of the acts that govern non-for-profit and profit-making institution - clearly marks out the fundamental differences between these two types of organizations/business. As a result, the concerned line agencies of the government and the operating provisions for non-profit and profit-making companies are distinctively different.

The prospect of non-profit companies establishing and/or investing in for-profit companies to ensure sustainability of its activities is ‘by law’ mutually exclusive. The existing legal provisions nullify any direct correlation between NGO and profit making company. However, the profit-making company can fund social activities of an NGO under its ‘Corporate Social Responsibility’ (CSR) call.

In recent years, many NGOs in Nepal seemed to have realized the fact that initiating entrepreneurial venture can be one of the best approaches to avert donor dependency and ensure sustainability of their activities but none of NGOs so far seemed to have established a profit-making company for such purpose.

The primary reason for this could be the fact that the law of Nepal and prevailing Tax provisions do not clearly encourage direct correlation between non-for-profit and profit-making companies. The tax policy and the concerned authorities themselves are not clear regarding provision for Tax rebates and/or exemptions on funds transferred to Non-profit companies by profit-making companies.

### **2.1.9.2 Comparative analysis of various types of Ventures/ Business registrations**

In Nepal, a company can come into existence broadly under two prevailing acts:

1. Associations Registration Act, 2034 (1977 AD)

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<sup>5</sup> The Companies Act, 2063, Preamble

## 2. The Company Act, 2063 (2006 AD)

### **2.1.9.2.1 Associations Registration Act, 2034 (1977 AD)**

This act has a special provision for the registration of an NGO. Sub-section (1) of Section 4 of Associations Registration Act 2034 (1977) defines, *“Any seven or more than seven persons willing to establish an Association shall have to submit to the Local Authority an application setting out the following details on the Association, accompanied by one copy of the Statute of the Association with the prescribed fee and the following details: -*

- a) Name of the Association,*
- b) Objectives,*
- c) Name, address, and occupation of the members of the Management Committee,*
- d) Financial sources,*
- e) Address of the office.*

Most of the NGOs in Nepal are either registered with CDO (Chief District Office) or under Social Welfare Council (SWC), a government body established to coordinate and facilitate NGOs and INGOs in Nepal.

Clause (b) of Section (2) of Associations Registration Act, 2034 (1977 AD) defines *“Local Authority”* as *“the authority specified by Government of Nepal by a notification published in the Nepal Gazette, and if the authority has not been so specified, it means the Chief District Officer.”* Sub-section (2) of Section 4, Associations Registration Act 2034 (1977) defines, *“Upon receipt of the application referred to in Sub-section (1), the Local Authority shall make necessary inquiry, and register the Association, if he/she deems it appropriate to register the Association, and shall issue the certificate of registration.”* Section (16) of Associations Registration Act 2034 (1977) defines, *“If any other Nepal Act contains separate provisions on registration and establishment of any Association, notwithstanding anything contained in this Act, such an Association shall have to be registered or established in accordance with such Act.”*

As laid down in Sub-section (1) of Section 16 of Social Welfare Act, 2049, social institutions seeking financial, technical or commodity help from HMG/N of foreign governments of international community, donor organizations or international social institutions must apply to the Social Welfare Council with complete details relating to its



project and take its approval. In this case, the NGO must submit its project report to the Social Welfare Council within three months of time from the date of the completion of the project.

Sub-section (1) of Section 16 of Social Welfare Act, 2049 defines, “Social organizations and institutions willing to get material, technical, economic or any other kind of assistance either from Government of Nepal or foreign countries, international social organizations and institutions or missions or individuals shall submit a project proposal and application along with other details to the Council as prescribed. Provided that, yearly assistance up to Two Hundred Thousand Rupees for the project that to be finished immediately may be taken only giving prior notice to the Council and after the completion of said work, a report should be submitted to the Council, within the period of three months.”

NGOs obtaining an affiliation with Social Welfare Council are entitled to tax exemption facilities. Furthermore, Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068, also categorizes Non-Government Organizations as “organizations entitled to enjoy exemption”. Clause (f) of Sub-section 1 of Section 26, Income Tax Act, 2058 (2002)-Amended by Financial Act, 2068 (2011) categories ‘organization entitled to enjoy exemption’ as, “a social, religious, educational or benevolent organization of public nature *established with non-profit motive*” Since NGOs are established with non-profit motive, they are not liable to share profits.

Clause (f) of Sub-section 1 of Section 26, Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068 further elaborates, “Provided that, in cases where any person has derived any benefit from the property of that organization and the monies obtained from that organization except in making payment for the property or the service rendered by any person to that organization or in discharging functions in consonance with the objective of the organization entitled to exemption, tax exemption shall not be granted to such organization.”

According to Value Added Tax Act, 2052 (1996)-an act made to implement proposals relating to Finance of the Government of Nepal, registration with VAT is required for any business with an annual taxable turnover of more than 2 million rupees (NPR. 20

Lakhs) or belonging to a conglomerate which has an aggregate annual taxable turnover exceeding 2 million rupees. In addition to consumers, persons (individual, firm, company, association, cooperative, institution, joint business, partnership, trust, government body or religious organization) involved in commercial activities are affected by VAT. This means, that NGOs, who implement income-generating activities for sustainability but does not generate over NPR. 20 Lakhs are not affected by VAT but has to continue generating income in small scale. But if an NGO intends to implement various activities for generating income in larger scale, it has to abide by the laws of this act i.e. pay VAT.

#### **2.1.9.2.2 The Company Act, 2063 (2006 AD)**

The history of this act goes back to the year 1958 when the Private Firms Registration Act came into force to provide provisions on registration of private firms engaged in trade and industry and other related provisions therewith in order to maintain the convenience and economic interest of general public. Clause (a) of Section 2 of this Act defines, *“Private firm” means firm or company or Kothi constituted by a person under any name for exporting of industrial products or import trade.*”

The Private Firms Registration Act, 2014 (1958) was repealed by The Companies Act 2063, (2006).

The Company Act, 2063 (2006), is an act made to amend and consolidate the law relating to companies. It came into force on 6 October 2006 and recognizes following types of companies:

1. “Company” means a company incorporated under this Act.
2. “Private company” means a private company incorporated under this Act.
3. “Public company” means a company other than a private company.
4. “Holding company” means a company having control over a subsidiary company.
5. “Subsidiary company” means a company controlled by a holding company.
6. “Foreign company” means a company incorporated outside Nepal.
7. “Listed company” means a public company which has its securities listed on the stock exchange.
8. “Company not distributing profits” Means Company incorporated under Chapter 19 on conditions that it shall not be entitled to distribute or pay to its members any

dividends or any other amounts of money out of the profits earned or savings made for the attainment of any objectives.

Sub-section 1 of Section 3, Chapter 2 of ‘The Companies Act, 2063 (2006)’ defines, *“Any person desirous of undertaking any enterprise with profit motive may, either singly or jointly with others, incorporate a company for the attainment of one or more objectives set forth in the memorandum of association.”*

Sub-Section (2) of Section 166, Chapter-19 defines, “Any person or trustee of a public trust registered pursuant to the prevailing law or any other corporate body incorporated pursuant to the prevailing law who wishes to register a company for the attainment or the objective mentioned in Sub-section(1) may make an application to the Office pursuant to Section 4.”

Sub-section (1) of Section 166 defines, *“Notwithstanding anything contained elsewhere in this Act, any company may be incorporated to develop and promote any profession or occupation or to protect the collective rights and interests of the persons engaged in any specific profession or occupation or to carry on any enterprise for the attainment of any scientific, academic, social, benevolent or public utility or welfare objective on the condition of not distributing dividends.”*

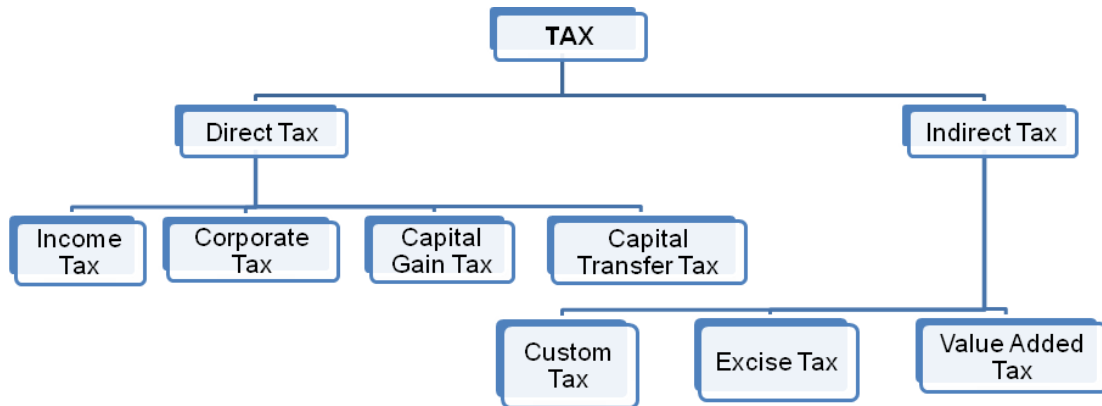
But, the act restricts companies registered as ‘company not distributing profits’ to distribute dividends. Clause (d) of Sub-section 1 of Section 167 defines, *“The company shall not distribute dividend, bonus or any other amount, from the profits earned by it, to its members or employees; and the profits earned by the company shall be used to increase the capital of the company or for the attainment of its objectives.”*

The act has guaranteed company not distributing profits to receive membership fees from its members and receive any donations and gifts. Clause (a) of Sub-section 1 of Section 167 defines, *“Any company not distributing profits shall not be merged with any company distributing profits.”* *“There shall not be required share capital to incorporate a company not distributing profits. Provided, however, that the company may receive membership fees from its members and receive any donation, gift pursuant to law for the accomplishment of its objectives.”*

## Existing Tax Policies and provisions in Nepal

According to the variation in nature and methods of payment, the tax is divided into two broad categories i.e. i) Direct Tax and ii) Indirect Tax.

Figure-2.3: Existing Tax Policies and provisions in Nepal (Classification of Tax)



Considering the functionalities of *Non-Profit Organizations* and *Company Not Distributing Profits*, both of these organizations or its employees or members are liable to pay tax only under two categories i.e. Income Tax and Value Added Tax.

### 2.1.9.3 Pros and Cons of Registering the Company under existing legal Provisions of Nepal

In principle, any of the three existing legal provisions can be adopted for operating income-generating ventures to ensure the sustainability of the interventions by an NGO:

- I) As an NGO (registered under the Associations Registration Act, 1977)
- II) As a For-Profit, Private Limited Company (registered under the Company Act, 2006) and
- III) As a Company Not Distributing Profits (registered under clause ‘f’ of Sub-section 1 of Section 167 of the company act 2006).

If registered as an NGO, although the organization can enjoy tax free status, likely chances are that it may fall into a trap that many other NGO operating income generating ventures have been suffering from due to contradictory tax provisions i.e. under the existing tax policy any organization conducting business of over NPR.. 25,00,000 in a year needs to be registered under VAT whereas according to NGOs registration act, NGOs are not required to acquire VAT certificate. Likewise, although it is not specifically stated in legal documents the concerned authorities of the government line

agencies are of the opinion, that NGOs should be barred from conducting any income generating activities. Many NGOs conducting income-generating activities have come under the scan of the government and are facing unwanted legal and taxation hassles due to such belief of the concerned authorities.

If registered as a for-profit making company (Private Limited), tax implication on the company will be huge. Irrespective of the company's objective to use the income for social benefit, the company will still have to bear the entire tax burden and will not be liable for any tax exemption. Furthermore, the promoters of the company will have full control as well as liability over operation of the company and they will hold legal right to distribute the income and/or profit of the company as dividends among themselves. Even donations or support from any external party to establish and/or operate a private limited company will be treated as income for the company and will be treated as income/profit of the company and thus will be subject to tax.

Under the 3<sup>rd</sup> option (Company Not Distributing Profits), business worth of any scale and amount can be operated. The company can acquire VAT certificate as per the tax policy of the government and raise an invoice for the services/products that it sells to any third party. Since this legal provision does not allow distribution of income as dividends among the promoters of the company, it is liable to enjoy tax-free status if it receives funds as donations or levy from any external party or its members.

**Table-2.5**  
**Governing Act and Tax provisions under different categories**

S.N	Type of Organization	Governing Act	Tax Provision
1	NGO (Non-for-profit)	Associations Registration Act, 2034 (1977)	Tax Free (With affiliation with the SWC)
2	Company Not Distributing Profit	The Company Act, 2063 (2006)	Tax Free (Conditioned to affiliation with the SWC)
3	Private Limited Company (for Profit)	The Company Act, 2063 (2006)	No Provision for Exemption
4	Public Limited Company (For Profit)	The Company Act, 2063 (2006)	No Provision for Exemption

## **2.2 Review of Related Research Studies**

In this second part of the literature review, previous empirical research studies including available and relevant doctoral dissertations Master's theses, articles based on the empirical study are reviewed which helped the researcher to identify existing knowledge gap, to identify the crux of the problem and to validate the study.

Messer-Knode (2007) conducted a study for the purpose of exploring the experiences of volunteers working on the Small Town Main Street in Mount online, North Carolina. A phenomenological hermeneutic qualitative method was used to conduct the study. A total of 30 face to face interviews were conducted with the purposively selected participants in the project for the purpose of acquiring data.

Findings show that people volunteer for a number of reasons: to be a part of their community, to enact change at a local level, because of a deep affection to their community, connection with each other and a rich sense of history and tradition. The study also revealed that volunteers have a faith that motivates them to participate in volunteer efforts within their community and they feel personal responsibility. The study also shows that volunteers desire and expect same opportunities as their paid counterparts in a variety of activities such as organizational goal setting and establishing organizational structure. Finally, the study concludes that volunteers are optimistic people who do their part and always see the glass half-full, even when there is no glass (p. 91). The study des an insight that NGOs are considered as volunteers and their perceptions and experiences may have a great impact on community development activities.

A follow-up study (originally conducted in 1999) of women-led community development organization conducted by Steffy (2008) explores the leadership and political influence of woman through their participation in local community development in the USA. Some of the questions raised in the study were: how woman leaders define community development, how they set their priorities, engage in collaboration and participate in community development initiatives and what e, class, and gender-based

barriers are to woman led community development organizations. For the purpose of the research, a total of 115 women-led groups or organizations were identified from the seven urban and two rural areas in consultation with the advisory panel and the Ford Foundation. Information was obtained through interviews and focus groups meeting with the woman leaders.

Findings showed that there was little change within ten years, community-based organizations continued to play a vital role at the local level and some of the significant barriers including gender, race, and class-based obstacles were reduced. It was found that a growing need for programs and services in poor and marginalized communities were increasingly significant, woman-led community-based organizations enjoyed greater access at the local level and local political bodies supported their work. The study revealed that in the United States (US) context, woman-led community development efforts were taking shape and woman played a key and under-recognized role in the community development efforts.

Similarly, another research study designed and conducted by Nank (2004) to explore an issue of contracted collaborated arrangement between the government and the nonprofit sector explored some of the facts. The main research query was how the fabric of relations looked as the government moves further and further from direct service delivery provision toward contracting with the nonprofit sector and objective of the study was to develop a richer picture about the issue raised in the study. The study employed an interpretive case analysis research approach and "The Alliance collaborative" was taken as a case. The Alliance Collaborative was born of welfare reform in the 1980s and that sought to create a partnership between the government and nonprofit sector. For the purpose of the study open-ended interviews, document reviews and direct observations were used to get information regarding the experiences and perceptions of the participants and partners. Findings of the study showed that the impetus for the government and nonprofit partnership was based on the belief that partnership can prove mutually beneficial and ultimately better serve the public. Through a partnership with the nonprofits, the government may reduce costs, reduce their server load and improve their overall capabilities. Similarly, the nonprofit agencies can gain additional resources, expand their type and quality of services they provide and the number of clients they are able to serve as well as gain visibility in the overall community. The study can be

considered an important milestone since it provides a groundwork for the emerging phenomenon that is the partnership between the public sector and the nonprofit and voluntary sector.

Koksarova (2012) also conducted a research study entitled "How to Give: Effectiveness Partnership between Public and Civil Society Sectors in International Humanitarian Aid". The study was designed to explore the two questions raised in the study: what constitutes effective partnership and how effectiveness is assessed in the process of partnership. Thus, the purposes the study were to explore partnership process between the government (For the purpose of the study the European Commission's Humanitarian Aid (ECHO) and Civil Protection office was taken as a representative of the government or public sector) and the NGOs in the international humanitarian aid context and to identify what makes them effective (p.6).

The study was exploratory in nature and a phenomenological research design under qualitative methods was used to explore the answer to the research questions. Information was collected from 10 purposively selected NGOs out of 22 partners NGOs located in Brussels and the UK for providing humanitarian aid in Darfur, Sudan. For the purpose of acquiring necessary data, in-depth semi-structured and face to face interviews were conducted with the representatives of selected NGOs. In addition, data was gathered through the analysis of ECHO partnership case and the case of Darfur, Sudan, the crisis was examined to better understand the insight of ECHO-NGOs partnership.

Findings from the Darfur case indicated that NGOs were able to provide timely response and implement emergency relief. It was found from the study that effectiveness of partnership is determined from both the process of partnership and result of the action. Similarly, mutual benefit, mutual trust, communication, accountability, flexibility and adaptability, equality and autonomy, mutually agreed upon rules, standard and common purpose are defining factors for effective partnership in humanitarian relief. The study also showed that NGOs believed that effective partnership is a partnership that provides each partner with assets that help them spend fewer resources on achieving their goals than when working alone, by compensating for each other's weaknesses while maximizing their own strength. The theme of the study is that partnership effectiveness is measured by the extent to which both actors are able to maximize their strength and



minimize their weaknesses while fulfilling their missions. The study can be considered to be fruitful as well as more comprehensive since it elaborates all core elements of partnership that are crucial to the success of any type or/and kind of partnership.

An article based on empirical findings written by Islam and Margan (2012) explored the role of NGOs in terms of their capacity and their work for social capital development and community empowerment in two, one urban, and the other rural, communities in Bangladesh. The study was based on qualitative research method and participatory rural appraisal, social mapping, participant observation, in-depth study, focus group discussion and documentation survey were employed for the purpose of data collection. Data were collected from two groups of people, blacksmiths, and goldsmiths, two communities served by two leading NGOs in Bangladesh.

The study identified NGOs capacities in the four elements of social capital: collective action, social trust, coordination, and cooperation of mutual benefits and shared norms and values. Findings showed that both NGOs followed the participatory plan but could not include marginal and ultra poor within such a participatory planning. It was also found that NGOs contribution towards collective actions, sharing mutual benefits, developing local leadership, empowering organizational structure and increasing control over management was weak. In addition, NGOs political networks developed negative trends and NGOs seemed to have been affected by money laundering tendencies. The study reflected the situation of NGOs in the context of developing countries and emphasized the possibility of politicization of their activities and elitist nature while performing their activities. Similarly, an article based on case study, conducted in a rural regeneration partnership project located in the North East of Scotland known as the Means Area Partnership, conducted by McArdle (2012) explored how partners of the project practised and defined the underpinning causes of a successful project. The questions raised in the case study were: How partners in a successful partnership perceived success, what they defined as successful outcomes, and what the factors were that contributed to success in a tripartite regeneration partnership were. To undertake the case study and to obtain required data, a document analysis including an archive of minutes, reports and photographs of the project and in-depth semi-structured interviews with seven key stakeholders were used.

The case study researchers found the facts that expected outcomes and ethos are important contributing factors to the success of the project. It was revealed from the study that successful partnership in the context of community development project should have core community development practice, be able to identify needs and gaps in services and have the identify solutions of issues. It was also found that confidence; positive attitude, honesty willingness and belief of the people, effective engagement, responsiveness to local issues, facilitation of the community capacity and leadership qualities were the key overarching factors to make the project success which ensures NGO sustainability.

The study provides various insights for this study since the community development in Scotland frequently focus on community capacity development. The project was located in the rural community and the Scottish government had an aim to promote development in rural areas and empower communities. These scenarios seem to be quite similar in Nepalese context.

In the context of Nepal, Salvestrin (2006) conducted an action research in response to the failure of existing approaches to community development. The study explored the limitations and challenges of a grassroots engineering NGOs for the use of the sustainable livelihood (SL) approach to community development. The study was designed to use a case study of Nepali NGOs to explore the practice of SL approach to community development. The objectives of the study were to identify the impact and the challenges of existing community development approach to the SL approach and to identify the best practice for engineering NGOs to implement community development activities. The field location was based in Kathmandu valley and the researcher worked as a project engineer. The study was divided into three phases of action research. Primary data was collected through workshops, focus groups and overt observation. In addition, a survey was conducted to investigate the level of awareness of SL approach with policymakers, donors, NGOs, community team leaders, workers, and supervisors.

The study identified a need for engineers to move away from the isolated technical and economic spheres of technology to the human and cultural dimensions. Some of the problem situations for SL approach found from the study were: assisting sustainable and equitable development of community infrastructures, adopting the sustainable

livelihoods approach, unity infrastructure, adopting the sustainable livelihoods approach, meeting the needs community participation, developing partnership, addressing the role of technology in community development, political conflict, and donor dependency.

The study explored skills and knowledge appropriate to SL approach to community development to grassroots nongovernmental engineering organization in Nepal. It highlights that the role of engineering activities performed by NGOs was vital in community development. Based on action research, the study also brought various insights regarding the implication of SL approach to community development practice in Nepal.

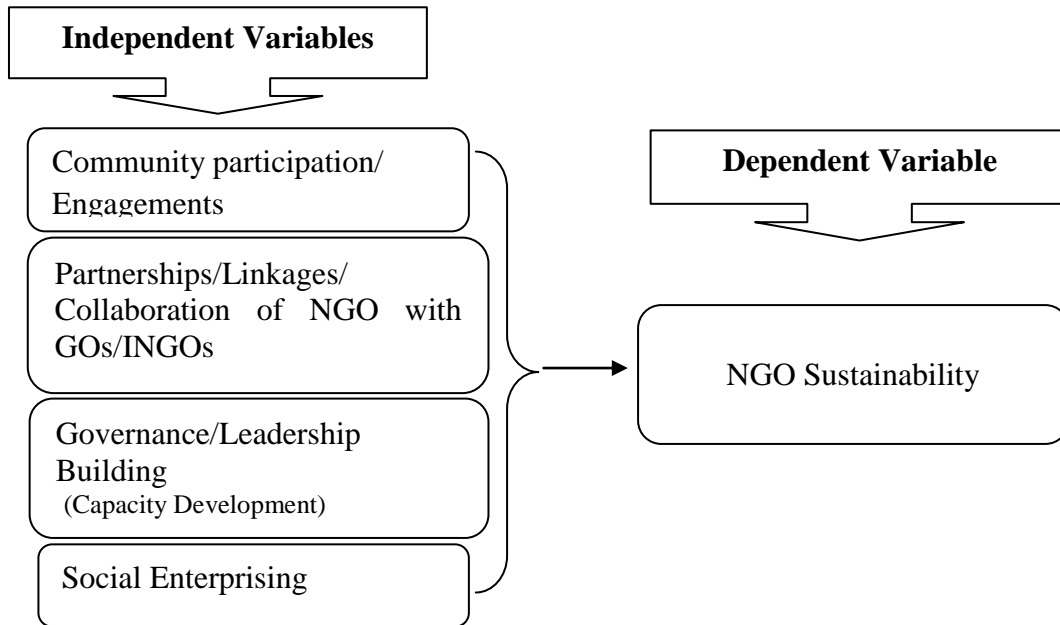
The review of the existing literature related to this study shows that there is a considerable amount of conceptual writing and empirical research regarding the NGOs, partnership, community development and capacity building. However, various empirical studies reviewed above explain the issues and problems raised in this study partially. Moreover, these studies could not incorporate the government-NGOs partnership and effectiveness of the local government and local NGOs in community development. In the context of Nepal, there is not a clear understanding of how and why NGO sector is getting popularity, why it is changing its economic landscape, how NGO sector is operating a local level in collaboration with the government bodies, how NGO sector is organized at local level and how it is providing contribution at local level. This scenario indicates that there is a knowledge gap in the context of the government -NGO sector partnership and their contribution to the community at local level. Thus, the study would contribute, to some extent, to fulfil the existing knowledge gap in this area.

### **2.3 Theoretical and Analytical Frameworks**

From the above-discussed literature of the NGO and sustainability, two assumptions can be hypothesized. First, the partnership/linkages with the government and I/NGOs are determined by different factors viz. core values and principles adopted in the partnership, nature of partnership with government and I/NGOs as well as policy framework of the government regarding collaboration with NGOs. Second, sustainability of the NGOs enhances better community development in general and community engagement; ensure good governance, sustaining enterprise and leadership building in particular. On the basis of these two assumptions, an analytical framework was developed as presented in figure 2.4.

**Figure-2.4**

**Analytical Framework of the Study**



*Source: Drawn by the Researcher*

The above analytical framework describes the relationship of the NGO sustainability depends and its influence on community development & community engagement, leadership, Partnership with government & INGOs and Social enterprising (as a sustaining enterprise of the NGOs) components. From the review of the literature, the researcher identified the community participation/engagement, partnership with GO & INGOs, governance especial focus on leadership building and social enterprising are considered independent variables and NGO sustainability as dependent variable as shown in figure 2.4.

As shown in the above figure 2.4 and theoretical discussion in the previous sections, the procedures of the formulation of laws, rules, policies and their appropriateness; implementation and monitoring of such existing laws determine the situation of a partnership between the government & NGOs, social enterprising, Similarly, modes or nature of collaboration such as complementary, collaborative and adversary have strong influence on linkages, in the same way, the core values and principles such as clear goals and objectives, participatory decision making, exchange of information, mutual trust and

common understanding in partnership, community engagement, leadership building, and social enterprising determine the effectiveness of NGO sustainability. Collaboration is not just another strategy for addressing public concern. It is a means for building social capital sustaining a democratic society and transferring the civic culture of a community. It offers the possibility of reconciling various incompatibilities in a more constructive way complexity of public issues and the wide diversity of stakeholders. Help grassroots and grassroots community leaders to learn in a more constructive ways and to address complex ways and public issues, generates solidarity in the interest of the community, leads to a meaningful participation and effective implementation and motivates them to visualize the civic culture to understand the wide variety of tools and techniques to address the specific needs of their communities (Chrislip, 2002)

Thus, a collaborative initiative of the government and I/NGOs provide a base for organizing and mobilizing people and engaging them in the community development intervention which ensures NGO sustainability. It influences the direction of the community activity facilitates and motivates community stakeholders to organize on the network and helps to removes the barriers to community development by the NGOs. As shown in the conceptual framework, community development and NGO sustainability were measured in terms of participation of partnership with GOs and INGOs, community engagement, governance (leadership building) and sustaining enterprising.

### **2.3.1 Theoretical Consideration**

As discussed above, building community capacity can be regarded as an important factor for the enhancement of productivity of the available resources in the community **which is important to NGOs sustainability**, well-being of a community and is prerequisite for the overall development of the community, On the other hand social capital is viewed as an important aspect for the betterment of a particular community since it facilitates the participation of informal associations and informal local bodies for the benefits of others in the community, Thus, social capital theory was taken as a framework and was used as theoretical perspective to guide the study.

### **2.3.2 Social Capital Theory**

The term social capital first appeared in rural sociology in 1919 (Jin, 2009). In the contemporary sense, the term was used first time by Lyda Hanifan in 1920 to explain the

role of community participation in shaping local educational outcomes. The concept then disappeared for several decades. It was reinvented by Jane Jacobs in the late 1960s, by Loury in the late 1970s than by James Coleman in the 1980s and finally Robert Putnam in the 1990s (Mignone, 2009), Coleman described social capital and differentiated it from other forms of capital. His emphasis was that social capital is a unique form of capital that is derived from the social structure that facilitates certain actions within the structure. Similarly, Putnam further developed a theoretical foundation of social capital by attempting to explain how social capital formed and its impact on society, His emphasis was on productive capacity of social capital to improve the efficiency by facilitating coordinated actions (Shideler, 2005)

Due to its relatively recent origin, the concept of social capital and its contribution to development has remained more elusive as well as controversial in social science discourses. As Gupta (2008) peoples that social capital is an empirically elusive concept and has been subject to much discussion and debate with reference to its social regeneration, economic benefits, positive and negative aspects, indicators of measurement and its implications for development policy. Despite its conceptual difficulties and complexities, various social science scholars have endeavoured to describe its theoretical understanding and its outcomes in the society.

Social capital is an instantiated informal norm that promotes cooperation between individuals, in the economic sphere it reduces transaction costs, and in the political sphere, it promotes the kind of associational life that is necessary for the success of limited government and modern democracy (Fukuyama, 2000). Social capital is a relationships matter that is it represents the resources that arise from relationships. It is an asset that can accrue to either the individual or the collective. As arising from the relationship, it is asset helps individuals reach their own goals or assists members of the collective in work right toward the common good (Bartkus & Davis, 2009). Similarly, Koput (2010), highlights four key properties of social capital. First, it is a productive resource- can be used to create value. Second, it is an investment- will *build up* in the future. Third it is inherent in relationship not belong to, does one person but requires joint participation and lastly, it is appropriable- a relationship of one type may be used for another purpose of social The above-mentioned definitions of social capital focus on the social relations in terms trust, social networks, and social norms that develop over

time which, in turn, promote collective action among the members of a particular community. From the different explanations and views regarding the social capital, it can be concluded that the social capital refers to the sum of resources, a network of institutionalized social relationships, social norms, social trust, cultural trust, and networks of a variety of different entities which have the capacity to influence actors of the communities for the achievement of certain goals and sustainability of the NGOs.

### **2.3.3 Contribution of Social Capital in Community Development and NGOs**

#### **Sustainability**

The concept of social capital was first popularized by James Coleman in economic behaviour in his work entitled "Social Capital the Creation of Human Capital in 1988" (Koput, 2010). Coleman (1988) describes social capital and its contribution: Social capital by its a single entity but two elements in common: they all consist of some aspects of social structures, and they facilitate certain actions of actors- whether persons or corporate the structure Like other forms of cap al, social capital is prod possible the certain ends that in its absence would not be possible. Like physical capital and human cap social capital is not completely fungible but may be specific to certain activities (p.598).

As a resource arises from social relationships, social capital helps individuals reach their own goals or assist members of the collective in working toward the common good (Bartkus & Davis, 2009). Likewise, Hustedde(2009) notes that social capital includes trusts, norms, and networks. It is often correlated with confidence in public institutions, civic engagement, self-reliant economic is development and overall community well-being and happiness. He further adds that friendship trust and the willingness to share resources are integral to collective action and the quality of the social relationship is essential for solidarity building and successful community initiatives. More precisely, Lin (2003) views social capital as a capital captured through social relations and social views networks that enhance the outcomes of actions. It facilitates the flow of information and provides an individual with opportunities and choices. Social ties influence those who play a critical role in social networks and relations provide decisions involving actors and exercising greater power accessibility to resources and social credentials to the individuals. Social relations reinforce identity and recognition. These four elements viz. information, influence, social credentials, and reinforcement are

regarded as core elements which are not accounted for by another form of capital such as human capital, financial capital, technical capital and physical capital.

Regarding the contribution of social capital, Graootaert and Bastelaer (2002) assert that participation by individuals in social networks increases the availability of information and lowers the cost. Participation in local networks and attitudes of mutual trust make it easier for any group to reach collective decisions and collective actions. Similarly, networks and attitudes reduce opportunistic behaviour by community members (pp, 8-9). Participation includes working with neighbourhood groups or with foundations, involvement in grassroots political movements, participating in the government-sponsored efforts and involvement in the formal political process. It encourages people to participate more actively in the political process as we as provide a strong base for the exploration of why neighbourhood residents choose or fail to choose to participate (Hays & Kogl, 2007).

By asset of the elements as described by various social scientists, social capital is viewed a social asset that allows organizational members and community members to achieve their goals through norms of reciprocity, trust, communication, and networks. It creates relationship outcome which includes collaboration, alliance, and partnership with other members (Jin., 2009). As discussed above, social capital creates an environment for the members a community so that they of can work together effectively. More specifically, community capacity building in general and community participation and community leadership building in particular focus on the way of creating social capital that is efforts to strengthen the social norms, social supports, social trusts and social reciprocity. Thus, the social capital theory was used as a theoretical lens to guide the entire research process.

## **2.4 Concept and Operational Definition of Variables**

In this section, the variables incorporated in the analytical framework are defined operationally for the purpose of this study.



### **2.4.1 Government**

Government<sup>6</sup> is defined as a formally constituted, often bureaucratically organized. Constitutionally, legitimized political as well as social body which has the supreme authority to make binding decisions and to enforce them within the society. The term government refers to all that is central, regional and local government and local governmental bodies or agencies as well. In the study, the terms government, local government and local government bodies are used in the same sense.

### **2.4.2 Community Engagement**

Community engagement is more than just holding a public meeting. It is an ongoing interactive process characterized by a commitment to ever-changing community needs and interests. The outcomes of community engagement are sometimes surprising, since by bringing together community members for a common purpose – people and organizations that are not in the habit of working together – new relationships are formed within the community, as community members learn how to collaborate.

### **2.4.3 Governance (Leadership Building)**

NGOs in many countries do not have effective governance structures and where a board exists, they are rarely effective in providing strategic leadership in ensuring resources are mobilized. However many boards are not aware of their role in resource mobilization. The presence and extent of involvement of management and governance structures in NGOs influenced their ability to mobilize resources. Many times NGOs did not have governance instruments such as constitutions, policies and guidelines and this tended to scare off potential donors. Good governance of the NGOs also depends on leadership, so in the study governance focus to leadership as taken as an independent variable of NGO sustainability.

### **2.4.4 Social Enterprising**

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<sup>6</sup> In the Study, the term government, central government, local government and local government bodies are used in the same sense.

Social enterprise<sup>7</sup> is a project as a peer sustaining enterprise with the aim to cover the operating cost of the NGOs that ensures the NGO sustainability to some extent. However, in the study Nepal Red Cross society has been running of ambulance services; likewise Gyan Bikash Community Library and Resource Center is operating of souvenir shop as a sustainable enterprise as considered from the sample NGOs taken in the study.

#### **2.4.5 NGOs**

By definition, NGOs<sup>8</sup> are understood as third sector organizations situated between the formal public domain and the market domain characterized by voluntary or non-profit making. Independent, secular and peoples' organizations. They play an intermediary role between the government and communities, advocate community interests, consult and provide support to community-based organizations and the community at large. For the purpose of this study, those NGOs that are involved in collaboration with the local government in the community development in the study area were taken as the sample. Similarly, the terms NGOs and local NGOs are used interchangeably.

#### **2.4.6 Sustainability**

Sustainability can be defined as an organization's ability to: Improve institutional capacity to continue its activities among target populations over an extended period of time; Maximize impact by providing quality services and products; Minimize financial vulnerability; and develop diversified sources of institutional and financial support.

##### **2.4.6.1 Organizational Sustainability**

Organizational sustainability is the ability of the organization to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time without excessive dependence on any single funding source. The objective is to maintain and build the capacity of an organization that is providing a beneficial service in a community.(USAiD, 1994). Many people equate an organization's sustainability with its

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<sup>7</sup> Social enterprise is also used as sustaining enterprise of the NGO in the study which is considered as a key factor of NGO sustainability.

<sup>8</sup> For the purpose of this study, the terms of NGO and local NGO are used interchangeably.

financial strength, but this alone becomes irrelevant over time. (Mavuto, 2013:88) 1 lists some characteristics of a sustainable NGO which include strategy, established constituency, sound organizational governance, enlightened management, learning the culture and good public relations.

#### **2.4.6.2 The sustainability of Services**

Sustainability of services means that the services provided, and/or the health impact made, continue long after the original or primary donor funding is withdrawn. Efforts to improve the sustainability of services focus on maintaining and improving the provision, quality, and impact of services rather than on building the capacity of the organizations that provide those services. In other words, the focus is on ensuring the continuation of services, not the organizations that deliver them

#### **2.4.6.3 Financial Sustainability**

Financial sustainability can be gauged by an organization's net income (the surplus of revenues over expenses); liquidity (the cash available to pay bills); and solvency (the relationship of assets and debt or liabilities). All of the organizations contacted seek to sustain their core services; which requires maintaining revenues to cover operating costs. These required sources can be generating from the sustaining enterprises (social enterprises) as peer enterprises by the NGOs. All are aware that technology evolves rapidly and they seek to sustain their capacity to keep up with the evolution. This means sustaining the know-how to advise others and upgrading the technology they utilize. (Ramírez, Aitkin, Kora & Richardson: 2002)

#### **2.4.7 Partnership**

Partnership<sup>9</sup> refers to a state of the collaborative relationship between two or more entities, organizations, and sectors through sharing their resources, expertise, knowledge, and skills to achieve predetermined objectives. In light with this operational definition, a joint and collaborative effort of the local government bodies and local NGOs s taken as partnership their study, the terms government, local and local are used in the same sense For the purpose of this study, the terms NGO and local NGO used interchangeably in this study, the terms partnership and collaboration art also used in the same sense

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<sup>9</sup> In the study, term used of partnership, Linkages and collaboration are used in the same sense.

between the government and NGOs. Similarly, the terms partnership and collaboration' are also used in a similar sense.

#### **2.4.8 Core Values and Principles**

The core values and principles are described as the fundamental elements necessary for the success of NGO sustainability. For the success of the NGOs sustainability, community engagement, sustaining enterprising, governance, leadership development, and partnership between the government and I/NGOs, certain factors or elements are considered to be basic which are considered as core values and principles for the purpose of this study.

#### **2.4.9 Nature of Collaboration**

For the purpose of this study, this term has been used to refer to the ways of interaction between the GOs and I/NGOs. In this study, the terms; nature, mode, and model are used interchangeably Policy Framework Policy framework is defined as a structured set of laws, rules, and regulation of the government that govern the activities of a particular type of institutions. In this study, the written laws, rules, regulations, bylaws, and other guidelines of the government regarding the involvement of NGOs while working with the government in the factor of NGO sustainability and activity of community are taken as a policy framework.

#### **2.4.10 Community Development**

The term 'community development' refers to those community activities that are oriented towards bringing together community organizations and members around a specific issue, to solve a particular problem as well as a positive change in the community. In this study, it is regarded as one aspect of development which is concerned with improving interaction among community members that ensures of NGOs sustainability, expanding their network of relationship, linkages and bringing community members together to prevent or solve community problems; i.e. good indicators of community engagement.

#### **2.4.11 Capacity Building**

Capacity building is described as the process of enhancing the ability and skills of the leaders of people, groups of people or institutions/NGOs of a community to act

effectively in the management of the activities of that community that also ensures the NGO sustainability. Thus, it is concerned with developing the ability and skills of the people and institutions/NGOs to take effective action and leading role in the community activity for positive change and creates sustainable environment of the NGOs.

#### **2.4.12 Community Organizations**

For the purpose of the study, community organizations refer to those institutions, CBOs, organized groups, and associations which are engaged in the community activity. To make the study more specific, only non-political, nonprofessional, nonreligious, social, organized, neighbourhood and voluntary institutions involved in managing community affairs at neighbourhood level were taken into consideration.

#### **2.4.13 Participation**

Participation<sup>10</sup> implies the dynamic process through which people acquire the ices and concern in managing community affairs. It provides the people with an opportunity and expanded role in the decision-making process that affects their lives directly or indirectly. In this sense, the term is viewed from the perspective of governance. Thus, it refers to the citizens' active involvement and their greater opportunity for interaction in the governance process at community level

#### **2.4.14 Leadership**

In the context of development, leaders are the key members of the community and community organizations who support the community members and community at large around cross-cutting issues and their solution. Leadership leads a community, provides future direction envisions a desirable future, visualizes community issues, and reinforces shared values among the community members. Similarly, leadership building in this study refers to the dynamic process of enhancing the ability and capacity of NGOs along with community organizations or their representatives to bear their leadership roles effectively.

### **2.5 Concept and Operational Definition of Variables**

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<sup>10</sup> In the study, the terms Participation and engagement are used in the same sense.

### **2.5.1 Dependent Variable**

A dependent variable is any variable that is affected by another variable. In this study, it was assumed that NGOs sustainability is affected by partnership/ Linkages between government and NGOs. Thus, NGO sustainability is taken as the dependent variable. The NGO sustainability was measured in terms of partnership with GOs and I/NGOs, community participation/engagement, governance/leadership building and sustaining enterprises of the NGOs.

### **2.5.2 Independent Variable**

Any variable that influences or determines the result of another variable is known as an independent variable. For the purpose of this study, it was assumed that the partnership with government-NGOs influences the level of NGOs sustainability. Thus, a partnership with the government and I/NGOs was taken as the independent variable. The effectiveness of the independent variable that is the partnership/linkages with government and I/NGOs was measured in terms of three components of partnership viz. core values and principles adopted in the partnership, nature of the partnership between the government and NGOs; and policy framework of the government for facilitating government-NGOs partnership/linkages. In the study, partnership/linkages with GOs/INGOs, community engagement, governance focus on leadership building and sustaining enterprising are taken as independent variables of the NGO sustainability.

## **2.6 Research Gap**

The literature review shows that various researchers have been done NGOs performances, a partnership between government & NGOs in community development in Nepal, accountability of NGO in Nepal and but very few researchers have been done on factor affecting of NGO sustainability in another country context. In addition, there are no direct researchers in the area of NGO sustainability in Nepalese context and there are also the rooms for the further improvements, investigation, and research in this aspect. This research, therefore, has strived to fill the research gap in this respect.

### **3.3 Introduction**

Research is for knowledge through the objective and systematic method of finding a solution to a problem is research (Kohari, 2004). Redman and Mory define research as a “systematized effort to gain new knowledge”<sup>11</sup>. Research methodology is a systematic way to get new in-depth information and to solve a research problem. It explains various that are adopted by a researcher, the logic behind choosing a particular procedure and particular techniques and procedures to apply for solving the particular problem. It not only talks the research methods but also considers the logic behind the method the researchers use in the context of their study and explains why the researcher is using a particular method or techniques the proposed strategy for answering the particular research question or hypothesis as well as a detailed account of all the methods that are used while collecting required data and information (Kasi, 2009). It is concerned with the analysis of why a research chooses a particular strategy instead of other alternatives and how a particular research work should be undertaken.

For the research, qualitative and quantitative data and information were obtained to draw the conclusion so far, I'd employed a mix of study methodologies for undertaking the research. To achieve the objectives of the research, extensive literature review, series of consultation with concern stakeholders (GOs and NGOs officials) and also followed by reviews and analyses were undertaken. Therefore, the preferable research approach is a questionnaire, which has decided to be paper-based<sup>12</sup>.

The following paragraphs introduce the design of the questionnaire for the survey, the selection of participating NGOs, and the applicable statistical approaches for the analyses of the answers. The statistical approaches have complemented with a discussion of the

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<sup>11</sup> L.V. Redman and A.V.H. Mory, *The Romance of Research*, 1923, p.10.

<sup>12</sup> The following two reasons let to the decision of a paper-based instead of an online for questionnaire: first, the questionnaire needs to be in two languages (English and Nepali). Second the paper version gives a better impression of the scope of the questionnaire and it can be assumed that people answering the questionnaire are thus serious about reserving the required time and making the effort.

scope of analysis, i.e. which part of the questions is analyzed by which statistical approach to arrive at the expected answers. A discussion on the applicable statistical tools complements this section. Likewise, to draw the conclusion, observation by Likert scaling observation, discussion and consultation with the likeminded NGOs of Nepal, and interaction with the beneficiaries of the NGOs has been carried out. For the analysis qualitative and quantitative data and information has been collected by primary predominantly and secondary sources as well. However, to find out the result of the research following methodological approaches is used for the study. However, the research methodology, in this chapter, explains the research design, different methods, tools and techniques of data collection, procedures of conducting research and justification for choosing a particular alternative.

### **3.2 Research Design**

Decisions regarding the questions what, where, when, how much and by what means conceding a research study constitute a research design. "A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose of economy in procedure"<sup>13</sup>. It is a plan that specifies the sources and types of information and a strategy that specifies approaches to be used for gathering and analyzing the data relevant to the research problem (Kothari, 2008). Therefore, it serves as a framework that guides the collection and analysis of the data, the research instruments to be used and sampling plan to be followed to answer the proposed research questions (Wolr & Pant, 2005). It is an integrated statement of and justification for the technical decisions involved in planning a research project that is developed by the researchers and used as a guide or a plan for carrying out there is research. It involves the choice of research strategy, justifications for these choices, discussions of methods of data sources, types, methods of data collection and analysis to be used (Blaikie, 2010). Research designs can be categorized in several ways. McNabb (2008) have grouped them into three categories viz quantitative, qualitative and combined research design.

For the purpose of this study, both quantitative, as well as qualitative research designs (Creswell, 2011 terms this both methods as "mixed method research" which combines or

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<sup>13</sup> Claire Selltiz and others, *Research Methods in Social Sciences*, 1962, p. 50.



associates both qualitative and quantitative forms), was adopted to produce a valid conclusion and to address the Proposed research questions.

Depending on the research objectives, the explanatory research design was used for the study. Explanatory research design involves a field survey by using a survey instrument that is a set of structured questionnaire, semi-structured interviews from the government officials, NGOs experts, and NGOs operating executives, management and beneficiaries in the study area. The study of the NGOs sustainability is a management and social phenomenon. In the social sciences, many different research approaches are required to follow rather than a single design for the investigations. Qualitative methods combined with quantitative techniques bring a new and fresh perspective to existing research as well as help researchers for choosing the appropriate research design in the field of social sciences (Weathington, Cumingham & Pittenger, 2010).

The primary purpose of explanatory research includes explaining why some phenomenon occurred, interpreting a cause and effect relationship between two or more variables, and explaining differences in two or more groups' response (McNabb, 2012). For instance, explanatory survey research may investigate the state of NGO sustainability level and factors influencing the NGO sustainability for enhancing the developmental activities over the long period. The data exploitation, by means of a simplified version of Hycner's process, is further explained. The study finally contains commentary about the validity and truthfulness measures, as well as a synopsis of the findings of the study.

### **3.3 Universe of the Study**

As stated in the problem statement, in the context of Nepal more than 60 percent of the NGOs are involved in community development and many NGOs have been close down due to sustainability strategies. The official website of the SWC shows that more than thirty-nine thousand NGOs are affiliated in SWC (SWC, 2014) and about seven thousand NGOs are involved in the community development in the study area. In some cases, it can be observed that NGOs are registered to the government authority and are affiliated to the SWC but they are not functional in reality (which a question of sustainability), some of them are operating without collaboration with the government, and some of them are not identifiable. However, in a more visible form, first affiliated NGO, Nepal

Red Cross Society<sup>14</sup> is a first NGO affiliated in SWC and government awarded and recognized NGOs of Kavre<sup>15</sup>, Gyanbikash Community Library, and Resource Center, Panauti<sup>16</sup> were taken as the creation of the study.

### **3.4 Rationale for Site Selection**

Total Two NGOs, one from Kathmandu Metropolitan City and one from Panauti Municipality of Kavre district of Nepal have been taken for the study. Kathmandu is situated in the middle hill of the country. Similarly, Panauti Municipality neighbouring district of Kathmandu valley located in Kavre district. At the end of the 13<sup>th</sup> Century, Panauti was finally integrated into the unified kingdom of Nepal, along with Kathmandu, Patan, and Bhaktapur, which are all former capital cities of the Kathmandu valley (Barre & Berger, 1982). Kathmandu is the politically, economically, and administratively important district where several efforts have been made for its development (Murayama & Ale, n d.). Similarly, various national and institutions, as well as several government agencies, are involved in developing activities of Kathmandu district. Furthermore, the political power structure in Kathmandu district is dominated by VDCs and Municipalities<sup>17</sup>. The development context is dominated by rural developmental issues which are usually supported by district development committee (Pant & Dongol, 2009). Thus, the researcher showed his interest as well as SWC officials encouraged to select Kathmandu district and Kavre (Panauti Municipality) as the case for the purpose of the study.

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<sup>14</sup> Nepal Red Cross Society (NRCS) came into being in 1963. It was recognized by the ICRC in 1964 and affiliated to the International Federation of Red Cross and Red Crescent Societies in the same year. NRCS has, over the years, grown to be the largest humanitarian organization in Nepal, with its network of District Chapters (DCs) extended in each of the 75 districts of the country. It is a first NGO affiliated into SWC.

<sup>15</sup> Kavrepalanchowk district is also called "Kavre" therefore, Kavrepalanchowk and Kavre are used in the same meaning.

<sup>16</sup> Gyanbikash Community Library and Resource Center (GCLRC), Panauti is established in 2012 BS but no further sustain however since 2068 BS is again registered in DAO and affiliated in SWC and now well functioning and good linkages/partnership with GOs. And GCLRC is recognized as a best project of the fiscal year (FY) 2071/072 BS by the Panauti Municipality Office and District Education Office, Kavre GoN, awarded by NPR 800,000 for the best community learning center in FY 2073/074 BS.

<sup>17</sup> In Nepal, District Development Committees (DDCs), Village Development Committees (VDCs) and Municipalities are recognized as local government bodies and are responsible in delivering services to the people at local level.

### **3.5 Nature and Sources of Data**

In any type of research design, a basic stage is to collect useful data and information while seeking answers to the research questions under study. For the purpose of this study both quantitative and qualitative data and information were used. Quantitative data from the SWC, government bodies, NGOs operating in the study area was obtained by using a set of structured questionnaire. While qualitative data was obtained by using semi-structured interviews to GO and NGOs representatives, experts and focuses group discussion. Similarly, secondary data was collected from published as well as unpublished sources. The main secondary sources were: books, journal articles, reports, and thesis. To conceptualize the NGOs sustainability and its independents variables (viz. partnership with government & I/NGOs, historical background of NGOs sustainability, community development, community engagement, governance (focus on leadership building) and social enterprises) and its current situation of the study phenomenon and to explore information for designing the instruments for data and information collection, secondary data was used.

### **3.6 Sampling Procedure**

The sample design is determined before data are collected. There are many sample designs from which a researcher can choose. Some designs are relatively more precise and easier to apply than others. The researcher must select/prepare a sample design which should be reliable and appropriate for his research study. A sample design is a definite plan for obtaining a sample from a given population. (Kothari, 2004). Similarly, the process of selecting individual units from a given population for a study is called sampling procedure or technique (Gravetter & Forzano, 2011). Sampling procedures are of two types: probability or random sampling and non- probability or nonrandom sampling. In probability sampling, each member of the wider population has an equal chance of being selected in the ample and in non- probability sampling the researcher deliberately or purposely selects the ample for the purpose of study (Cohen, Manion & Morrison, 2008; Gravetter & Forzano, 2011).

First, the researcher selected Kathmandu and Kavre districts as a study area. Initially, the researcher showed his interest to collect data from the urban or municipality as well as

VDCs separately to study the practice of NGOs sustainability and community development programs. Later it found that two NGOs from Kathmandu and Kavre district are selected for the study. The reason behind selecting only two NGOs is that the NGO, "Nepal Red Cross Society" is a first NGO affiliated in SWC that has good linkages with governmental bodies. Similarly, another NGO from Kavre district is "Gyanbikash Community Library and Resource Center", Panauti that has awarded and recognized by the government as the best project of the Kavre. Therefore, the researcher concentrated his study in the area only. Despite these concentrations, some more NGOs and their representatives and experts were also considered as respondents to know in-depth understanding the NGOs sustainability.

While calculating the sample size was calculated based on; 7% margin of error, 90% (1.64) confident interval & 50% baseline indicators (since there was no such study and the traditional approach is to take 50% as a baseline indicator). For calculating the sample size, following formula is used:

$$n = \frac{t^2 \times [p(1-p)]}{d^2}$$

Where t is a critical value of the confidence interval (1.64), p is the proportion of interest or baseline indicator (50% or 0.5) and d is the margin of error (0.07). Hence, the sample size was 137. After adjusting with the response rate of 98% the final sample size was  $138/.998=140$ .

For this study, the researcher adopted purposive sampling procedures for the purpose of selecting NGOs. However, researcher adopted **systematic random sampling** for the purpose of selecting the targeted respondent for the study. First of all, the list of 143 INGOs was received from the website of Association of International NGOs in Nepal (AIN). Similarly, 104 members, staffs and beneficiaries list were received from Nepal Red Cross Society, Kathmandu and 110 members, staffs and beneficiaries list were received from Gyanbikash Community Library and Resource Center, Panauti. From the list, target respondents, as samples size total 141; (52 from Red Cross, 55 from Gyanbikash Community Library and Resource Center, Panauti; 15 INGOs from AIN, and 19 Government officials from Government of Nepal) were randomly selected by using these steps to create a sample group from systematic random sampling:

- I. Create a list of members, employees, and beneficiaries,

- II. Select a beginning number
- III. Select an interval
- IV. Gather a respondents list of members, employees, and beneficiaries based on the interval number

Organizations	Population (N)	Sample (n)	Interval Number
GCLRC	110	55	2
Red Cross	104	52	2
INGOs	143	19	8
Government Official	20	15	1
<b>TOTAL</b>		<b>141</b>	

To find the interval, I divided the total number of sample targets that I have (the population size; list received from concern organization mentioned above) by the number of samples I had selected the respondents for the survey (the sample size), of the study. For selecting the numbers 2, 4 and 6 are included here because in order to select 55 people from 110 (for the case of GCLRC). I've to continue selecting every 2nd person, even if that means starting back at the beginning of the list.

### 3.6.1 Data Collection Procedure

For the purpose of this study, required data and information were collected by a field survey, semi-structured interviews including of case studies. The collection both quantitative and qualitative data and information were guided by social capital perspective, the theoretical consideration used in the study.

### 3.6.2 Field Survey

It is a most popular and common descriptive research strategy to collect information in the administrative, social and human sciences (McNabb, 2008). It seeks to gain an understanding of a particular facet of a defined population, helps to draw inference about the population based upon a sample and seeks to understand phenomena by identifying influencing factors (Taylor, Sinha & Ghoshal. 2008). For the field survey, a set of structured questionnaire incorporating all relevant variables (as shown in appendix-1) related to the study was constructed. Then the questionnaire was administrated to the sampled NGOs and representatives from local government authorities (government officials and SWC representatives). Altogether quantitative data was obtained from **141** representatives from government officials and experts, representatives of NGOs from the systematic random sampling.

### 3.6.3 Characteristics of the respondents

Survey researchers seek high response rates from participants in a study so that they can have confidence in generalizing the results to the population under study (Creswell, 2013). Total 141 questionnaires were administrated and completed. For the purpose of the study on "NGO Sustainability in Nepal" the required information from the respondents, structured and unstructured questionnaire were also translated into the Nepali language. Before admonishing the questionnaire, 10 questionnaires were piloting to check verification. During the collection of data, information and filling out the questionnaire the researcher clarified the questionnaire as well as the theoretical aspect of variables to facilitate the respondents. In some cases, it took more than one and half hour to the respondents to fill out the questionnaire. During the process, the researcher gathered a lot of qualitative information and insights of the respondents through unstructured questionnaire regarding the issues raised in the study. After complicating the questionnaires, questionnaires were coded by the researcher himself and developed the variables in Statistical Package for Social Science (SPSS). Following table 3.1 shows the characteristics of the respondents.

**Table 3.1**

**Characteristics of the Respondents and Organization**

Respondents		Frequency	Percent	Total
Organizations	Red Cross Society, Nepal	52	37%	141
	Gyanbikash Community Library & Resource Center (GCLRC)	55	39%	
	Government Offices	15	11%	
	Other I/NGOs	19	13%	
Level of Respondents	Management (leader and employee)	42	30%	141
	Beneficiaries	65	46%	
	Government Representatives	15	11%	
	I/NGOs Experts	19	13%	
Gender	Male	94	67%	141
	Female	47	33%	

Source: field survey 2016/017

#### **3.6.4 Semi-Structure Interview**

A most popular method for gathering qualitative data in public administration and nonprofit organization research is interviewing (McNabb, 2008). To obtain necessary qualitative data for the analysis of the study, face to face semi-structured interviews were conducted with the concerned governments' officials (the executive officer of metropolitan city and municipality of respective sampled districts) as well as representatives of concerned GoN including of SWC and NGOs.

Though initially, the researcher expected to conduct semi-structured interviews with 20 authorities of sampled districts and experts of NGOs, in the process of field survey it was found that most of the offices were overloaded and public officials were busy in providing service delivery to the public. Similarly, most of the authority of the local NGOs had a busy schedule. Therefore, only fifteen interviews with the government officials and nineteen interviews with the experts of the non-sampled NGOs were conducted.

#### **3.6.5 Case Study**

To obtain in-depth information regarding the issue raised in this study and to assist analysis as well as interpret the findings, only one case of NGO; other than sample NGOs, South Asian Partnership (SAP) Nepal has taken in course of the study; because SAP has been operating social enterprise for their sustainability, is selected purposely and case analysis of the selected case was done. The case is especially conducted to know the existing provision for establishment and operation of social enterprise that is also an independent variable of NGO sustainability used in the study.

#### **3.7 Statistical Procedure**

A systematically collected quantitative data was coded, tabulated, categorized and analyzed by using statistical techniques viz. frequency, percentage, mean, standard deviation and Spearman rank correlation with the help of SPSS software. Statistical values were computed by using SPSS software. Qualitative information was also arranged and analyzed systematically. After analyzing and interpreting both qualitative and qualitative information, results were drawn to answer the research questions.

The Likert Scaling technique is used to know an attitude as a positive or negative evaluation of people, objects, event, activities, ideas, or just about variables of the NGO sustainability. While collecting quantitative data, the respondents were requested to choose high numerical value i.e. 5 for their strong agreement or their high priority, numerical value 4 for their agreement and so on as they felt appropriate. Thus, the lowest mean value as stated in the tables indicates the less positive result of that alternatives or statements i.e, emphasis given by the respondents and vice versa. Similarly, in the ranking questions, lowest aggregated values as given by the respondents refer to their first priority to those alternatives. In this study, correlation analysis, regression analysis and other statistical stools (graphs, tables etc.) are applied as and when required. Theoretical consideration, empirical observation and extracts maximum information from the available data find out the variables which influence NGO sustainability in Nepal.

### **3.7.1 Percentages**

The percentages describe what percentage of organizations has chosen which answer (i.e. rating between ‘strongly agree’ and ‘strongly disagree’) for each question<sup>18</sup>. These percentages per answer lead to a frequency distribution, the graphical representation of which is a histogram (Anderson, 2008). The percentage of organizations that chose the answers 5 and 4 (‘strongly agree’ and ‘agree’) for a specific question represent the organizations for which the respective question applies predominantly.

### **3.7.2 Average Value (Mean)**

The average value is a measure of location, probably the most important one, and it provides a measure of central location for the data (Anderson, 2008), i.e. the average answer for each question. Unlike other kinds of calculations of central location (i.e. median or mode), the average value is based on all observations, i.e. including the very extremes. Therefore, it is an important reference point for other statistical calculations that are based on all observations (especially for standard deviation and variance, see below) (Guerrero & Frankfort, 2011).

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<sup>18</sup> Except for the questions allow an answer between 1 and 5. The answer 5 represents ‘Strongly agree’ and the answer 1 represents ‘Strongly disagree’. Answer 2 represents ‘disagree’. No answer was translated into 0.



Thus, in the study, the higher mean value as stated in the tables indicates the more positive result of that alternatives or statements i.e. emphasis given by the respondents and vice versa.

### **3.11.3 Variance**

The variance is a measure of variability. It is based on the difference between the value of each observation and the average value, and it is calculated as the sum of squares between each observation and the average value divided by the number of observations<sup>19</sup>. As the unit of measure for variance is squared, it is difficult to obtain an intuitive understanding and interpretation of the numeric value of the variance. However, the variance is used to compare variables, with the one with the largest variance value showing the most variability (Guerrero & Nachmias, 2011). Variance takes all observations of a sample into account and it is the chosen measure to determine the weighted variability in a distribution (Anderson, 2008, p. 93).

### **3.11.4 Standard Deviation**

The standard deviation (SD) is the positive square root of the variance (Anderson, 2008). It describes how closely the observations cluster around the average (the closer the observations cluster around the average, the lower the SD (Leon-Guerrero & Frankfort-Nachmias, 2011). While the units associated with the variance are square, the SD is measured in the same units as the original data. Therefore, the SD is easily compared to the original data as it uses the same unit of measure (Anderson, 2008). SD takes all observations of a sample into account and it uses the original unit of measure, which makes it the chosen measure to determine variability in a distribution (Guerrero & Nachmias, 2011).

### **3.11.5 Regression and Correlation Analysis**

To draw the conclusion of the research other statistical tools like correlation and regression analysis is also used to check the depended variable (NGO sustainability) and independent variables (viz. partnership with GOs & INGOs, community engagement,

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<sup>19</sup> Squaring higher differences sustain relatively more weight than small differences, i.e. observations that are further from the average enlarge the variance relatively more than observations that are nearer to the average.

governance focused to leadership building, and social enterprising) used in the study. However, the statistical significance of the Spearman rank correlation was tested at 5% level of significance in the study.

#### **3.11.5.1 Correlation Analysis**

The correlation analysis involves the measurement of the degree of strength of the relationship between the dependent variable and the independent variables (Chandan, 2009, p.395). In this study, we are involved with only 4 independent variables viz. partnership, community engagement, governance (focus on leadership) and social enterprising and the dependent variable is NGO sustainability. Correlations are designated by lower case letter "**r**", and range in value from **-1 to +1**. A correlation is often called as a bivariate correlation to designate a simple correlation between variables, as opposed to relationships among more than two variables, as frequently observed in multiple regression analyses or structural equation modelling. A correlation is also frequently called as the Pearson moment correlation or the Pearson "**r**" (George & Mallery, 2015, p.124).

#### **3.11.5.2 Multiple Regression Analysis**

"Multiple regression is a logical extension of the simple linear regression analysis and involves two or more independent variables forming the basis for estimating the values of a dependent variable" (Chandan, 2009, p.388). In simple regression, we measure the amount of influence one variable (the independent variable) has on second variable (dependent variable). We also compute the constant and coefficients for a regression equation designed to predict the values of the dependent variable. In this study, the dependent variable is NGO sustainability and the independent variables are a partnership, community engagement, governance (focus on leadership) and social enterprising.

#### **3.11.6 The Model**

The regression model used in this study assumes that the relationship between each independent variables; partnership, community engagement, governance (focus to

leadership) and social enterprising and the dependent variable; the NGO sustainability in Nepal. The model used in this study would be stated as;

In equation form;

$$\hat{Y} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + u_i \dots\dots\dots \text{Population regression Model}$$

It can be restated as;

$$\hat{y} = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e_i \dots\dots\dots \text{Sample regression Model}$$

Where,

$\hat{y}$  = NGO Sustainability in Nepal

$X_1$  = Partnership

$X_2$  = Community Engagement

$X_3$  = governance (focus on leadership) and

$X_4$  = Social Enterprising

$\beta_0$  is constant

$u_i$  = Population error term

$\beta_1, \beta_2, \beta_3, \beta_4$  are coefficients of the estimate of population,

$e_i$  = sample error term

$b_1, b_2, b_3, b_4$  are coefficients of the estimate of the sample,

$b_0$  is constant of the sample

### 3.7.7 Likert Scaling Technique

Likert Scaling Technique also to be used to know an attitude as a positive or negative evaluation of people, objects, event, activities, ideas, or just about variables of the NGO sustainability. Rensis Likert in 1931 introduced a technique for measuring the attitude of people. The technique has been using to measure an abstract concept- such as satisfaction, motivation, commitment, accountability, integrity, and so on.

There was a time when many psychologists had the notion that unobservable (or 'latent') phenomena like human attitudes could not be measured. Louis Leon Thurstone (1887-1955) and Rensis Likers (1903-1981) disagreed by arguing that attitudes vary along a scale from negative to positive, just as heights vary along a scale from short to tall, or wealth varies from poor to rich. As a result, these two scholars developed the two scales **Thurstone scale** in 1928 and **Likert scale** in 1931. For Likert, the key to successful

attitude measurement was to convey the negative to positive scale to survey respondents, so that they could then choose the response option that best reflects their position on that scale. This notion of negative to positive scale is illustrated in the study where 5 to 4 ('strongly agree' and 'agree') for a specific question represent the NGOs for which the respective question applies predominantly and 2-1 ("disagree" and "strongly disagree") are vice versa. However, 3 is representing "undecided" in the study.

### **3.12 Validity, Reliability, and Triangulation**

During the process of collecting required information from the target respondents, much more emphasis was given to administer the instruments accurately for the purpose they were designed. For ensuring the validity of the study a set of the structured questionnaire as well as semi-structured interviews were administered. In the process of administering the instruments, respondents were requested and helped to provide an accurate response. Similarly, the researcher clarified each item, terminologies, and variables used in the instruments to acquire valid information. Furthermore, for ensuring the acquisition of valid information from the respondents, the questionnaire was translated into Nepali languages as well. In addition, the purpose of the study required information, and proper guidelines were clearly provided to the target respondents.

Reliability and internal consistency of the test instrument is an important component of the scientific study. For ensuring the reliability of the study instruments and internal consistency of the test items, a correlation between the items was calculated. The Cronbach's alpha value of this study was calculated 0.803<sup>20</sup>. So, the researcher expects that the instrument used for acquiring quantitative data has internal consistency and yields the same results in the repeated actions. According to Nunnally and Bemstein (1994), the Cronbach's alpha value will be high when the correlation between the respective questionnaire items is high and its value ranges from 0 to 1. In the social sciences, value at or above 0.7 & desirable (quoted in Andrew, Pederson & McEvoy, 2011). The Cronbach's alpha is the popular method of examining reliability. A high correlation between the different items indicates that they are measuring the same things and there will be only small chances of error, A low correlation indicates that there are a

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<sup>20</sup> The value does not represent four ranking questions included in the questionnaire.

lot of errors and the items are not reliably measuring the same thing (Hinton & Brownlow, 2004).

Triangulation is a powerful technique that facilitates validation of data through cross verification from two or more sources. In particular, it refers to the application and combination of several research methods in the study of the same phenomenon. As stated above, for the purpose of the study, multi-measurement processes, primarily a set of structured questionnaire and semi-structured interviews, were administered to address the issue of methodological triangulation. Methodological triangulation refers to the use of different methods to collect data upon the same phenomenon to ensure the validity of the data. As Patton (2002) note: triangulation strengthens a study by combining methods. This can mean using several kinds of methods or data including using both quantitative and qualitative approaches (p. 247)

### **3.13 Justification of the Methodology**

In this section, an attempt was made to justify the methodology adopted for the purpose of this study in light of the similar empirical studies conducted by other scholars in this area. Anderson (2009) conducted a study entitled "A Qualitative Study of the Effectiveness of a Leadership Development on Community Sustainability and the Activities that Influence Community improvement in the Context of Sustainable Development". One of the questions raised in the study was whether current leadership development practices supported the sustainability of the community as manifested at the Gillette Area Leadership Institute. For the purpose of the study, an action research based on a leadership development was used because the goal of the study was to provide in-depth analysis of the leadership development process. Therefore, several qualitative methods viz. auto-ethnography, participant observation, object analysis and case study analysis were used to acquire relevant information. Then the qualitative data was synthesized to answer the research questions.

Similarly, Roka (2012) undertook a study in the context of Nepal entitled "Are NGOs Making A Difference? A Community Approach to Measuring Non-government Organizations (NGOs) Effective in Nepal". The study was based on the two rural VDCs of Baglung district of Nepal Hatiya and Narayansthan. The central questions raised in the study were: how NGOs Were performing in rural communities and how communities

perceived the role of NGOs in rural development to explore the performance of NGOs in rural areas using community approach. The study was based on a mixed method approach. For the purpose of the study, data were collected from individuals through interviews, informal conversations, a household survey and from the secondary sources. The community members' perceptions about NGOs were used to evaluate the organizational effectiveness.

As stated above as well as in section 2.2 a mixed method is appropriate to provide a valid result in social sciences. The in-depth interviews are appropriate for an explorative study where semi-structured interviews are mostly used strategy to collect qualitative data. Similarly, a field survey by using questionnaire is used for acquiring quantitative data.

While talking about this study, for assessing the effectiveness of the efforts of the local government and local NGOs in community development, community-based approach that information provided by the community residents and members (called beneficiaries of the NGOs) would have been a better strategy. However, it required additional in-depth and extensive study in the community. Because of financial constraints, the purpose of the study and the available time for the study, the research could not incorporate the information from the target communities which has been stated as a limitation of the study in the on 1.5. Thus, in this descriptive study, a mixed method incorporating field survey, semi-structured interviews along with case study was supposed to be suitable.

### **3.14 Unit of Analysis**

Unit of analysis are units that are initially described for the ultimate purpose of aggregating their characteristics in order to describe some larger group or explain some abstract phenomenon (Rubin & Babbine, 2011 p.151). The main objective of the study was to understand the NGOs sustainability were performing in their respective communities in collaboration with GOs and I/NGOs. For this study, government officials, the representatives of NGOs and experts were the units of analysis. As units of analysis, the government officials and the representatives of local NGOs provided their opinions, responses, and experiences with respect to the research questions raised in the study.

The researcher has aggregated the views provided by them and come up with the conclusion to answer the research questions, Thus, the study assumed that information provided by the government officials as the representatives of the government and the representatives (policy, management and beneficiaries level) of NGOs reflect the current situation of NGOs sustainability in Nepalese context as well as how they are performing their developmental activities in the community in a sustainable manner.

### **3.15 Ethical Consideration**

Ethical problems associated with the study were taken into consideration before the study was started and the safeguard of the participants was ensured. During the study and data collection process, the dignity of the respondents was protected. Respondents were allowed to provide their autonomous response. Due consideration was given to respect the cultural, gender, religious, ethnic and socio-economic status of the respondents. The purpose of the study, consent note with a brief identification of the researcher and the academic institution; confidentiality and privacy of the respondents were clearly mentioned in the instrument and the same were clarified and ensured before administering the instruments.

The researcher did not provide any financial and nonfinancial gain and inappropriate incentives to the participants to influence their willingness to provide their responses and to participate in the study. Proper attention was given and precautions were adopted in potential biases and unjust practices. The professional standards, integrity, truthfulness were obeyed during the study. The researcher was conscious about scientific dishonesty, fraud, misconduct, plagiarism, false interpretation, incorrectly capture the responses, false analysis and assessment of findings and selection bias So, every effort was adopted to ensure proper ethical standard in all stages in the research processes.

## CHAPTER-FOUR

### DATA PRESENTATION AND ANALYSIS

This chapter presents and discusses the systematically collected quantitative and qualitative data for the purpose of the study. The two main queries of this study were: to what extent existing partnership between the government and NGOs, community engagement, leadership building and social enterprising are effective to NGO sustainability and to what considerations may be relevant for the implementation of sustainable NGOs to constantly assess, review, and increase sustainability for facilitating community development support at local level of the study area. Similarly, the two objectives of the study were: to examine the degree of current situation of partnership with GOs/INGOs, community engagement, leadership building, and social enterprising for NGO sustainability to facilitates the community development over the long period and to describe the direction (*variables that effect*) of NGOs sustainability in Nepalese context. To fulfil the given objectives and to answer the queries raised in this study, quantitative and qualitative data and information were collected by using a set of structured questionnaire a semi-structured interview with the target respondents. Then, systematically collected quantitative data was tabulated, categorized and analyzed using statistical techniques viz. frequency, percentage, mean, standard deviation, regression, and correlation using **SPSS software**. Data and information were blends together analyzed the information received from the government bodies, NGOs experts and the information received from NGOs.

This chapter consists of five subsections based on the variables and their relationship as stated in the conceptual framework of this study viz. NGO sustainability and its relationship with government/INGOs partnership, community engagement, leadership building and social enterprising.

#### **4.1 NGO Sustainability**

For an in-depth understanding of the key factors that can affect the organizational sustainability of local NGOs in the study area, the study further interrogated the key informants on how their human resource, funding, program development, general management and material resource situations had contributed to their operation and



survival. Evaluating the degree of NGO sustainability in Nepal with respect to the four majors' independent variables namely, a partnership with GOs/INGOs, community engagement, governance (leadership) and social enterprising is a vital and challenging aspect. The results are presented in the following sections.

**Table-4.1**  
**Factors Influencing Organizational Sustainability of the NGOs**

Variables	Disagree	Undecided	Agree	% of Agree
Clear and well arrangement of VMGO	0	0	141	100%
Funding	0	0	141	100%
Programs Development and Management	4	3	134	95%
Local Resource Mobilization	0	0	141	100%
Long term strategic planning	0	0	141	100%
Human Resource Management	0	2	139	99%
Good governance	2	0	139	99%
Define clear responsibilities of human resources (HR) and enhance motivation	0	6	135	96%
Management has good capacity to oversee fundraising	0	2	139	99%
Good linkages and coordination with donors/INGO and GOs	0	2	139	99%
Conduct feasibility study and baseline survey	2	2	137	97%
Organizational culture that blends (mixed together) commercial values with philanthropic	2	26	113	80%
Laws and regulations	6	5	130	92%
NGOs Capabilities and Specialization	4	26	111	79%
Government support to NGO strengthening	5	0	136	96%
Political essence while establishing the NGO	0	29	112	79%

Source: Field Survey, 2016/017

From the above table 4.1 has shown that 100% respondents were agreed that well set of VMGO with a long-term plan, funding, local resource management significantly contributes the NGOs sustainability in Nepal. Thomas and Thomas (2000) have also stated that describing roles and responsibilities and instituting appraisals are important

strategies for improving NGO sustainability. Interestingly, the key human resource management factors that were found to be critical to the survival of the NGOs were leadership issues. These include managers instilling a spirit of teamwork and cooperation among the staff, good capacity to oversee the funding opportunities having good linkages with GOs and INGOs (donors) and maintain good governance practice by example 99% were agreed on these factors. As per the Table 4.1, and the view of Kusi-Appiah (2006) and VanSant (2003) that managerial leadership holds the key to the success and survival of NGOs of today. Thomas and Thomas (2000) also stated that the “personality” of the leader, transparency in communication, high motivation and supervisory ability could be used as strategies to improve sustainability.

The findings suggest that to improve organizational sustainability, as the NGOs can broaden their scope of sustainability factors to include human resource management especially leadership, funding, programs development, general management and material resources. The above factors, although not mutually exclusive, were perceived to affect local NGOs’ sustainability in the study area. But more importantly, it can be concluded that supportive leadership with setting well VMGOs having skill of local resource management, adequate funding and long-term strategic planning were the five most essential ingredients and determinants of local NGOs’ sustainability in the study area

97% of respondents in the study suggested that the NGOs should conduct the feasibility, baseline survey before initiating the projects. Similarly, 96% of the total respondents including NGO experts suggested that government should support strengthening the NGOs by enhancing their capacities and specialization. Similarly, 79% of the response was suggested that do not varied political essence while establishing the NGOs.

Accordingly, the study suggests that local NGOs in a similar context to those studied can improve their funding situation by spreading their network to include international, national, domestic (local) sources. Vigorous lobbying from the executive committee, management, friends, and philanthropists, with good project proposals, and the provision of for-fee consultancy services represent some of the measures which NGO can adopt to improve their ability to raise local funds.

Based on the findings, it can also be concluded that the survival of NGOs in a similar context as those studied can be improved if they are able to develop and implement the need-based and demand-driven program, supported by good leadership, transparency, accountability, and commitment to meet felt and expressed need of beneficiaries. Further, the study highlighted the need for management capacity that promotes learning organization principles (e.g. shared vision, teamwork), and the provision of quality material resources for organizational efficiency and effectiveness.

## **4.2 Partnership and Linkages**

For the purpose of this study, the partnership between the government/INGOs and NGOs was taken as an independent variable. To assess the effectiveness of the partnership between the government/INGOs and NGOs, three independent variables viz. core values and principles adopted in the partnership, the nature of the partnership and the existing legal framework to support partnership were examined in the study. Thus, this section discusses three aspects of Government/INGOs and NGOs partnership in community development that contributes the NGO sustainability.

### **4.2.1 Causes of Partnership**

The questions were asked to the government authorities/INGOs and NGOs was the reason for joining the partnership. The purpose of this question was to know why government (especially local government) wants to collaborate with NGOs and NGOs with the local government in community developmental activities. Altogether six possible factors for joining partnership were given to the respondents and they were asked to rank the factors on a priority basis from 5 to 1. Their responses are analyzed and presented in table-4.2.

Table-4.2

**Causes of Partnership of GOs and INGOs**

<b>Causes or factors</b>	<b>Value Coefficient (b)</b>	<b>t</b>	<b>p-value*</b>
<b>(Constant)</b>	69.517	11.033	0.000
Strengthen the NGO capacity	1.946	3.119	0.002
Fulfill resource deficiency	-0.684	-1.363	0.175
Promote own presence/image in the community	0.779	1.527	0.129
Scale up developmental activities in the community	0.120	0.132	0.895
Obtain best practice, gain expertise and knowledge from the partners	-0.514	-0.513	0.609
Cover operating expenses of the NGO	1.227	2.814	0.006
<b>R<sup>2</sup></b>	0.176		
<b>F</b> (at 1% level of significance)	4.759		
<b>Durbin-Watson</b>	1.436		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

Table 4.2 illustrates the distribution of the responses provided by the respondents with respect to the relationship for joining a partnership with GOs/INGO for the NGO sustainability. As shown in the table, p-value=0.002 is less than alpha<sup>21</sup> ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with strengthening NGOs capacity. Similarly, p-value=0.006 is also lower than the alpha value to the variable, cover operating expenses of the NGOs also a significant relationship with NGO sustainability. However, result of the field survey shows that rest variables fulfill resource deficiency (p=0.175), promote own presence/image in the community (p= 0.129), scale up developmental activities in the community (p=0.895) and obtain best practice, gain expertise & knowledge from the partners (p= 0.609) are

<sup>21</sup> The significance level, also denoted as alpha or  $\alpha$ , is the probability of rejecting the null hypothesis when it is true.

insignificant relationships with NGO sustainability because those p-values are higher than the alpha value.

The table 4.2 shows that R-square ( $R^2$ ) = 0.176 i.e. 17.6% variation independent variable is explained by six independent variables. In other words, 17.6% variance in NGO sustainability has been caused by a partnership with GOs/INGOs is important in Nepalese context.

The Durbin Watson<sup>22</sup> statistic model is fit in this calculation because the Durbin-Watson value is 1.436 that is in-between 0-4. F value (4.759) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability (dependent variable).

#### **4.2.2 Core Values and Principles in Partnership**

The core values and principles adopted in partnership with the government and INGOs. NGOs partnership in community development was taken as a component of partnership and the independent variable to judge the effective government/ INGOs and NGOs partnership. The respondents, under the study, were asked to answer seven questions by choosing alternatives on the basis of priority that most accurately reflected the current situation of government/INGOs and NGOs partnership. Table 4.3 represents the information collected from the respondents and their calculated statistical values of each question in detail.

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<sup>22</sup> The Durbin Watson statistic is a number that tests for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic is always between 0 and 4.

Table-4.3  
Core Value and Principle of Partnership

<i>Variables</i>	<b>Value Coefficient (b)</b>	<b>t</b>	<b>p*</b>
(Constant)	71.531	21.695	0.00
Clearly expressed goals and objectives	-0.382	-0.477	0.634
Committed shared leadership	0.57	0.793	0.429
Participatory decision making	0.773	1.026	0.307
Two way exchange of information	0.232	0.326	0.745
Clear allocation of cost and benefits	-0.11	-0.229	0.819
Recognition of other as partners	-1.434	-2.283	0.024
Harmonized goal and objectives	2.533	3.743	0.000
<b>R<sup>2</sup></b>	<b>0.232</b>		
<b>F</b>	<b>5.744</b>		
<b>Durbin-Watson</b>	<b>1.116</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

Table 4.3 illustrates the distribution of the responses provided by the respondents with respect to the relationship between Core Value and Principle of Partnership for the NGO sustainability. As shown in the table, p-value=0.024 is less than alpha ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with recognition of other as partners. Similarly, p-value=0.000 is lower than the alpha value so harmonized goal and objectives of the NGOs also a significant relationship with NGO sustainability. During the interview with the government and INGOs officials were expressed that the harmonized goal with INGOs and GOs program that would be the best possibility to support long-term partnership that ensures the NGO sustainability.

Result of the field survey shows that rest variables clearly expressed goals and objectives (p=0.634), committed shared leadership (p=0.429), participatory decision making (p=0.307), two-way exchange of information (p=0.745) and Clear allocation of cost and

benefits ( $p=0.819$ ) are insignificant relationship with NGO sustainability because those p-values are higher than the alpha value.

Although result shows that existing partnership is directed by recognition of other as partners and harmonized goal and objectives, it was found that there is a fundamental difference in the priority of the programs between the government and NGOs. The government has pressure from the community to build infrastructure and to fulfil their immediate needs. However, NGOs showed their interest in the training and workshops. One government official said "we have more budgets under different headings. We call local NGOs to work with us but none of the NGOs shows their interest because of not harmonized goal and objectives set by the NGOs". In addition to quantitative information, from the interviews, the government officials were generally found bit dissatisfied with some NGOs regarding the sharing of information. They expressed their dissatisfaction saying "except some exceptions, NGO done contact us, they maintain official works at their own home, and in reality, they do not go in the community. So, they hesitated to exchange their information" (Personal interview, 10 July 2017).

The above table 4.3 shows that R-square ( $R^2$ ) is **0.232** i.e. 23.2% variation independent variable is explained by seven independent variables. In other words, 23.2% variance in NGO sustainability has been caused by core value and principle of Partnership adopted by the NGO. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is 1.116 that is in-between 0-4. Similarly, F value (5.744) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability.

#### **4.2.3 Nature of Partnership of GOs/INGOs and NGOs**

The nature of the relationship between the local government/INGOs and NGOs was considered as an independent variable to examine the effectiveness of existing partnership between the local government and local NGOs. Under the study, the respondents were asked to answer 4 questions by choosing one for each out of 5 to 1 alternatives, based on their level of agreement that most accurately reflected the current nature of relationship between the local government/INGOs and NGOs The table 4.4

shows in detail the information collected from the respondents and analyzed statistical values of each questions in detail.

**Table-4.4**  
**Nature of Partnership with GOs and I/NGOs**

Variables	b	t	p *
(Constant)	67.81	19.088	0.000
NGOs are involved in fulfilling the demands of the community that are left by the government	1.648	2.564	0.011
The government cum INGOs perform interrelated roles (INGOs/Donors are involved as an alternative source so their activities are connected and coordinated)	-0.551	-0.861	0.391
The government and INGOs both tend to influences and check to each others' activities	2.563	4.312	0.000
Government and INGOs focus and require of partnership with NGOs to support of developmental activities	-0.35	-0.51	0.611
<b>R<sup>2</sup></b>	<b>0.165</b>		
<b>F</b>	<b>6.727</b>		
<b>Durbin-Watson</b>	<b>1.358</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

In this section, the researcher wanted to test a theoretical assumption that is NGOs are involved in those demands of the community that are not satisfied or left by the among given test this assumption, respondents were asked to choose one best alternative The detailed five alternatives on the basis of their level of agreement and disagreement. In addition, the researcher wanted to know the nature of the relationship between NGOs and government bodies cum INGOs (donors) for NGO sustainability to enhance community developmental activities over the long period. The detailed responses and calculated statistical values are shown in table 4.4.

The above table shows that R-square (R<sup>2</sup>) is 0.165 i.e. 16.5% variation independent variable is explained by seven independent variables. In other words, 16.5% variance in NGO sustainability has been caused by Nature of Partnership of GOs/INGOs and NGOs. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is 1.358 that is in-between 0-4. Similarly, F value (6.727) of the model has been



found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability.

As shown in table 4.4, p-value=0.011 is less than alpha ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with NGOs are involved in fulfilling the demands of the community that are left by the government. Similarly, p-value=0.000 is lower than the alpha value so the government and INGOs both tend to influences and check to each others' activities also a significant relationship with NGO sustainability.

Result of the field survey shows that rest variables the government cum INGOs perform interrelated roles (INGOs/Donors are involved as an alternative source so their activities are connected and coordinated) ( $p=0.391$ ) and Government and INGOs focus and requires of partnership with NGOs to support of developmental activities ( $p=0.611$ ) are insignificant relationship with NGO sustainability because those p-values are higher than the alpha value.

Regarding the nature of the partnership between the government and NGOs, qualitative information was also collected from the target respondents. Both the local government officials and the representatives of NGOs said that the relationship between the government and NGOs is guided by the prevailing laws and procedures rather than desires of the government officials and NGOs. In the study, it was found that representatives of local NGOs argued that they are involved in those activities that the government cannot carry out due to its own absence in the community. However, the government officials argued that principally local NGOs are established to fulfil the unsatisfied demand of the community but in practice, it cannot be perceived. With respect to their interrelated roles, it seemed that the government officials undermined the roles of local NGOs, However, in case of the third type of relation i.e., their influencing type of relationship most of the respondents did not agree. Similarly, some confusion to the respondents since their understanding was that policy is formulated at the central level. The researcher requested them to consider those policies that are made at local level. During the study, it was found that the representatives and experts of NGOs mentioned that the government did not consult them in the process of formulating policies for facilitating collaboration at the local level. After the consultation with the government respondents, researcher able to understand the situation was arises due to the absence of a local election.

Thus, the result of semi-structured interviews regarding the nature of the relation between the local government bodies and local NGOs shows the local government bodies to be quite doubtful towards the roles of local NGOs in the community. However, local NGOs argued that they are doing good work in the community. Thus, the government should encourage and monitoring of good works that are being performed by NGOs.

#### 4.2.4 Correctness of Existing Policies to Support Partnership

The question, relating to policy framework, asked the respondents was related to the appropriateness of existing policies adopted by the government of Nepal to promote collaboration between the local government and NGOs. During the data collection, respondents were requested to think about all policies adopted in the periodic plans, existing association registration act and the provision of local self-governance act-1999 and its regulation 2000 in general. The detailed responses were given by the respondents and statistical figures are shown in table 4.5.

**Table-4.5**  
**Existing Policy Framework and Problems in Partnership with GOs and INGOs**

<i>Factors</i>	<b>b</b>	<b>t</b>	<b>p</b>
(Constant)	48.793	12.579	0.000
Legal constraints/ Laws and regulations	1.538	3.507	0.001
Complicated and unnecessary formalities	1.413	2.746	0.007
Lack of awareness at the community level	2.256	3.335	0.001
Mutual mistrust and misunderstanding	-0.748	-1.068	0.288
Local level policies	-0.546	-1.171	0.244
Competent capacity <sup>23</sup> of the NGOs	-0.072	-0.124	0.901
Stakeholders involvement on law/policies formation	0.91	1.796	0.075
Appropriate of existing policies	1.72	3.187	0.002
Proper execution of existing laws	0.968	1.979	0.051
Feedback and Follow-up mechanism	0.666	1.483	0.140
<b>R<sup>2</sup></b>	<b>0.463</b>		
<b>F</b>	<b>11.216</b>		
<b>Durbin-Watson</b>	<b>1.665</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

<sup>23</sup> In the section competent capacity refers as a development of proposal, leadership & management capacity and good governance practices etc.

As shown in table 4.5, p-value=0.001 is less than alpha ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with the appropriateness of existing policy framework even having some constraints. Similarly, the existing policy framework on complicated & unnecessary formalities and Lack of awareness at the community level of p-values=0.007 and 0.001 respectively are lower than the alpha value so these factors complicated & unnecessary formalities, as well as lack of awareness at the local level on existing policy framework, have a significant relationship with NGO sustainability.

The result as shown in table 4.5 shows that rest variables of existing policy framework and problems in partnership with GOs and INGOs are mutual mistrust and misunderstanding (p=0.288), local level policies (p=0.244), competent capacity of the NGOs (p=0.901), stakeholders involvement on law/policies formation (p=0.075) and proper execution of existing laws (p=0.051) are insignificant relationship with NGO sustainability because those p-values are higher than the alpha value.

Two opposite views with respect to the appropriateness of existing laws and policies were found among the respondents during the process of administrating the questionnaire and interviews. The respondents of one category strongly argued that the existing laws or policies are governing NGO sector and collaboration between government and NGOs similarly, the respondents of next category argued that existing laws like Association Registration Act-1977, Social Welfare Act 1992 and other are not appropriate due to increasing trends of NGOs in the present context Thus, variations in the responses were found to be greater among the respondents during the study.

Among other questions incorporated in the policy framework, the respondents emphasized the issue of the implementation of existing laws and policies during the study. Both the government officials and representatives of NGOs agreed that existing legal provisions especially the provisions of Local Self-governance Act (1999), Local self-governance regulation (2000) and the Social Welfare Act (1992) have not been put into practice properly. However, they had their own arguments behind it. Government officials argued that negligence of local NGOs, lack of monitoring and evaluation system from the part of the government, political instability, lack elected representatives at local bodies and negligence of the central government authority hampered the proper

implementation of existing laws and policies in practice. In contrast, the representatives of NGOs argued that over formal and process-oriented functions of the government, lack of clear and permanent policy, negative attitude of the government towards NGOs and ineffective role of SWC created a difficulty for the proper implementation existing policy framework. However, local NGOs also criticized their own activities with respect to the implementation of existing policy framework saying we NGOs are in confusion in the objective ourselves'. Similarly, other respondent said, "on the one hand, the local government b do not recognize us as a stakeholder completely, on the other hand, we NGOs have been divided ourselves rather than being united, due to political influences' (personal interview, 20 April 2017).

The above table shows that R-square ( $R^2$ ) is 0.463 i.e. 46.3% variation in the dependent variable is explained by ten independent variables. In other words, 46.3% variance in NGO sustainability has been caused by existing policy framework and problems in partnership with GOs and INGOs. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is 1.665 that is in-between 0-4. Similarly, F value (11.216) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability.

During the collection of responses, respondents from NGOs disagreed regarding the monitoring of implemented laws and policies as well as existing mechanisms of receiving feedback. They argued that the situation of lack of proper implementation, the monitoring and feedback system itself very weak.

### **4.3 Community Engagement**

Community engagement is the significant factor of NGO sustainability that helps to establish, maintain and sustain the developmental activities over the long period. Communities contribute significantly to create their value of space as the result of which community members have a very strong sense of ownership.

As elaborated in the theoretical framework, in chapter 2, the community engagement, under this study was taken as a dependent variable. To assess the effectiveness of community engagement, responses were collected from the government officials of local

bodies as well as representatives of NGOs which is presented, discussed and analyzed in the following section and sub-sections.

#### 4.3.1 Course of Strategies for Community Engagement

Under this section, altogether five questions were asked of the respondents. The purpose of these questions was to know strategies of the efforts of community engagement adopted by the local government and NGOs. They were asked to rate one option based on their level of agreement among five alternatives as stated in the questionnaire. Following table 4.6 shows in detail.

**Table-4.6**  
**Course of Strategies for Community Engagement**

Factors	b	t	p*
(Constant)	65.186	17.459	0.000
Initiatives of the community itself	3.139	4.664	0.001
Involving people in the government directed programs	-0.097	-0.16	0.873
Maintaining relationship between community members	-0.68	-1.054	0.294
NGOs give respect community for their involvement in decision making	1.049	1.525	0.130
<b>R<sup>2</sup></b>	<b>0.198</b>		
<b>F</b>	<b>8.386</b>		
<b>Durbin-Watson</b>	<b>1.305</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

The target respondents were asked this question to find out to what extent the strategies adopted by the NGOs are oriented towards the initiatives of the community engagement. As shown in table 4.6, the result shows that p-value=0.001 are less than alpha ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with the course of strategies to community engagement by involving themselves.

The result as shown in table 4.6 shows that rest variables of course of strategies to community engagement are involving people in the government directed programs (p=0.873.), maintaining relationship between community members (p=0.294), and NGOs

give respect community for their involvement in decision making ( $p=0.130$ ) are insignificant relationship with NGO sustainability because those p-values are higher than the alpha value.

This question was asked of the respondents during the interviews to find out whether the members of the community are provided with opportunities in the selection of members while forming committees or imposed by others. On the basis of the responses of the respondents, it was found that besides some exceptions, local political influence plays important roles in the formation of committees in the communities. One government official clearly shared his experience to the researcher "at present there is no elected local body in the communities. Thus, political parties and political cadres want to use community groups and committees for their political purpose. So, to expand their political activities in the community they influence through their political power while forming groups and committees"(Personal Interview on 12 March 2017). Additionally, the officials expressed that hope after the upcoming local level election will minimize such hinders. Thus, it seems that selection of members for the proper implementation of community programs is to some extent influenced by local politics.

The table 4.6 shows that the value of R-square ( $R^2$ ) is **0.198**i.e. 19.8% variation independent variable is explained by four independent variables. In other words, 19.8% variance in NGO sustainability has been caused by course of strategies for community engagement. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is **1.305** that is in-between 0-4. Similarly, F value (**8.386**) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability.

#### **4.3.2 Process of Community Engagement**

The purpose of this question included in the questionnaire was to find out whether the components, that are considered fundamental for effective community engagement, were adopted by the local government bodies and NGOs in their efforts. For this purpose altogether five components were judged incorporating into five different questions. In each question, respondents were given five alternatives and requested to rate one

alternative as they felt appropriate. **Table 4.7** shows the responses provided by the target respondents including statistical values in detail.

**Table-4.7**  
**Factors Supported of the Community Engagement**

Factors	b	t	p*
(Constant)	60.168	17.921	0.000
We/my institution determine(s) objectives of the participation	3.312	4.394	0.000
We identify local condition and needs of the community	0.449	0.593	0.554
we search for different alternatives to participation	0.385	0.674	0.501
we educate community residents to understand problems and find their solutions (using baseline, midline, and end line survey)	0.323	0.497	0.620
We influence and involve community members to mobilize community resources for carrying out services.	0.336	0.502	0.617
<b>R<sup>2</sup></b>	<b>0.282</b>		
<b>F</b>	<b>10.532</b>		
<b>Durbin-Watson</b>	<b>1.515</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

Objective guides any effort and program in a right direction to achieve desired results. Thus, to assess the efforts to community participation adopted by the NGOs, respondents were asked to what extent their efforts to participation are guided by certain objectives. The result as shown in table 4.7 that the value of p is 0.000 is less than alpha ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with any institution determine(s) objectives of the participation to community engagement by involving themselves.

This query on identifying local condition and needs of the community of the researcher was related to another element for effective community participation. It was oriented to know whether the local government bodies and local NGOs identify local situations and needs of a particular community when they involve in promoting the effectiveness of community participation. As shown in table 4.7, the value of p=0.554 is higher than

alpha ( $\alpha$ ) value i.e. 0.05, so NGOs identify local condition and needs of the community is an insignificant relationship with NGO sustainability. Similarly, another variable to support community engagement is NGOs educate community residents to understand problems and find their solutions (using baseline, midline, and end line survey). The researcher wanted to know to what extent the local government bodies and local NGOs search for different mechanisms to enhance the participation since there is no one single best way to community participation. The responses provided by the respondents and their statistical values as shown in table 4.7 shows that a value of  $p = 0.620$  that is also higher than the alpha value so its relationship with NGO sustainability is insignificant.

Generally, it is accepted that to involve people in the community activity; they must feel certain problems that exist in the communities. Thus, the question was oriented find out to what extent the activities of the government and NGOs are promoting awareness in the community. Table 4.7 illustrates that a value of  $p (0.617)$  is higher than the alpha (0.05) value so the insignificant relationship between NGO influences & involves community members to mobilize community resources for carrying out services and NGO sustainability.

During the interviews as well as discussions with the target respondents it was found that in the process of identifying local conditions and needs of the community, the local government officials were found a bit more conscious. Each local body had a profile of their communities. Similarly, regarding the searching for alternatives, educating community residents, helping them to understand their problems and motivating community residents to mobilize and utilizing community resources, the representatives of the NGOs claimed that they have field representatives who work on behalf of them. They directly interact with the community residents, understand their problems, educate community members and motivate them to work for the wider benefits of the community.

Finally, the table 4.7 shows that the value of R-square ( $R^2$ ) is **0.282** i.e. 28.2% variation independent variable is explained by five independent variables. In other words, 28.2% variance in NGO sustainability has been supported by the community engagement. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is **1.515** that lie in-between 0-4. Similarly, F value (**10.532**) of the model has been



found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability.

### 4.3.3 Elements emphasized in Community Engagement

This question consisted of five elements of engagement. Each element reflected the community process of engagement that judged to what extent existing efforts of the local government bodies and NGOs provided equal opportunity to all community members and residents in decision-making process especially those who were socially excluded. Thus, this question judged community engagement from the perspective of participatory and inclusive local governance. The question incorporated five elements as separate sub-questions. For the purpose of required information from the respondents, they were given five alternatives as a priority basis for each element or sub-questions. They were asked to choose the base of priority base of their level of agreement. Table 4.8 shows the responses provided by the respondents and their statistical values.

**Table-4.8**  
**Elements Emphasis on Community Engagement**

Factors	b	t	p *
(Constant)	62.692	13.812	0.000
Participation emphasizes the role of community members	0.643	0.759	0.449
Through participation, community members articulate their diverse interest/voices in managing community affairs	0.31	0.468	0.641
Emphasis is given to the needs of vulnerable communities and diverse community groups	1.917	2.826	0.005
Participation of various stakeholders is voluntary	1.49	2.674	0.008
Participation provides residents with opportunities to exchanges information and increase their trust and confidence	-0.036	-0.041	0.967
<b>R<sup>2</sup></b>	<b>0.159</b>		
<b>F</b>	<b>5.103</b>		
<b>Durbin-Watson</b>	<b>1.312</b>		

\* Level of Significance at 5%  
Source: Field Survey, 2016/017

This question, asked the target respondents, was oriented to assess the role of community members emphasized by the local government and NGOs in community activity. It is seen in table 4.8 that the value of  $p=0.449$  is higher than the alpha (0.05) value so the insignificant relationship between participation emphasizes the role of community members and NGO sustainability. On the basis of this fact, we can come to the conclusion that the NGOs give emphasis to the role of community members in their efforts to community engagement. However, in comparison, NGOs seem to give more emphasis than the government. Furthermore, the consistency responses are also found to be a bit in the better in the case of NGOs.

The result as shown in table 4.8 shows that variables to support community engagement are Emphasis is given to the needs of vulnerable communities and diverse community groups ( $p=0.005$ ) and Participation of various stakeholders is voluntary ( $p=0.008$ ), are a significant relationship with NGO sustainability because those p-values are higher than the alpha value. But another independent variable, participation provides residents with opportunities to exchanges information & increases their trust and confidence is an insignificant relationship with NGO sustainability because its value of p (0.967) is higher than the alpha value.

The table 4.8 shows that the value of R-square ( $R^2$ ) is **0.159** i.e. 15.9% variation independent variable is explained by five independent variables. In other words, 15.9% variance in NGO sustainability has been affected by the degree of support for community engagement. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is 1.312 that is in-between 0-4. Similarly, F value (5.103) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining the variation of NGO sustainability.

#### **4. 3.4 Managing Diverse Interest in the Process of Community Engagement**

In a heterogeneous community, managing diverse and often competing interests of diverse groups is considered a core issue that must be tackled by the local government bodies and NGOs in the community. Realizing this fact, the officials of the local government bodies, representatives, and experts of NGOs were asked to rank given five strategies, on the basis of their priority (from 5 to 1), adopted by them while managing

diverse interests of various interest groups in their respective communities while managing community affairs. Table 4.9 shows the details.

**Table-4.9**  
**Managing Diverse Interest in the Process of Community Engagement**

Statements	b	t	p *
(Constant)	45.708	7.395	0.000
By developing mutual understanding trust and building consensus	1.766	2.126	0.035
By organizing gatherings to discuss the issues	1.727	2.297	0.023
By identifying preferred alternatives	-0.033	-0.044	0.965
By discovering hidden interest in the conflict	0.853	1.365	0.174
By supporting conflict by established rules and regulations	3.331	4.077	0.000
<b>R<sup>2</sup></b>	<b>0.208</b>		
<b>F</b>	<b>7.101</b>		
<b>Durbin-Watson</b>	<b>1.331</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

The table 4.9 shows that the value of R-square ( $R^2$ ) is **0.208** i.e. 20.8% variation independent variable is explained by five independent variables. In other words, 20.8% variance in NGO sustainability has been affected by managing diverse interest in the process of community engagement. The Durbin-Watson statistic model is best fit in the model because the Durbin-Watson value is **1.331** that is in-between 0-4. Similarly, F value (**7.101**) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining the variation of NGO sustainability.

Table 4.9 illustrates the distribution of the responses provided by the respondents with respect to the strategies adopted by the local government bodies and NGOs in managing diverse interests in their respective communities. As the result shows, the local government officials gave first and second priority to developing mutual understanding and trust and identifying preferred alternatives respectively for managing diverse interests existing in their communities similarly, they gave organizing gathering to

discuss the issue, suppressing conflict by established rules and regulations and discovering hidden interest in the conflict as the priority based. The result as shown in table 4.9 shows that variables to managing diverse interests in their respective communities for their engagement are developing mutual understanding trust and building consensus ( $p=0.035$ ), organizing gatherings to discuss the issues ( $p=0.023$ ), and supporting conflict by established rules and regulations ( $p=0.000$ ) are significant relationship with NGO sustainability because those  $p$ -values are lower than the alpha value. But another independent variable, identifying preferred alternatives ( $p=0.965$ ) and discovering hidden interest of the conflict ( $p=0.174$ ) is an insignificant relationship with NGO sustainability because its value of  $p$  is higher than the alpha value.

Regarding the management of diverse interests, the researcher discussed with the respondents. During the discussion, it was found that the NGOs prefer building mutual trust and understanding between the community and diverse interest groups. However, the government officials argued that the existing laws and regulations are the main indirect instruments for managing diverse interests in the community. According to them, not all interests are genuine that is some of them are guided by their vested interests. In such cases, legal provisions are required. One government official said while managing diverse interests and conflict of interests, first, we make the interest groups aware of the established legal provisions. Then we take legal action. When we take legal action then interest groups come with the solutions and manage their diverse interests (Personal Interview, 21 February 2017). Thus, for the government officials, legal provisions seem to be an indirect mechanism for managing diverse interests of the diverse interest groups of the community.

#### **4.4 Governance (Leadership Building)**

Leadership is one of the major mechanisms that govern and practice the good governance in the organization. Thereby, leadership building of the community organizations was taken, a second, independent variable and one aspect of NGO sustainability in the study. To find out the contribution of the existing activities and programs adopted by the local government bodies and NGOs in enhancing the leadership capacity of the community organizations, information was collected from the target respondents.

#### 4.4.1 Possible Activities Emphasized in the Process of Leadership Building

For the purpose of the study, the extent of existing activities and programs adopted by the government bodies and NGOs to enhance the leadership capacity of the community organizations was assessed that facilitated NGO sustainable. Altogether eight activities that needed to be emphasized in the process of organizing the community to build and enhance the leadership capacity of the community organizations were presented to the respondents. The respondents, then, were asked to select alternatives on the basis of their agreement and disagreement. The table 4.10 shows the detail.

Table-4.10

**Possible Activities Emphasized in the Process of Leadership Building**

<i>Variables</i>	<b>b</b>	<b>t</b>	<b>p*</b>
(Constant)	57.492	9.453	0.000
We/my institution assists community organization through training, workshop, and coaching	1.661	2.206	0.029
we facilitate full and open discussion among the representative of the community organizations	1.353	1.676	0.096
we assist the leaders of community organizations to develop skills by forming networking in the community	0.001	0.002	0.999
We assist community organization to make plan and take effective action of their community efforts	-0.849	-1.099	0.274
we are oriented towards collaboration with historically excluded groups in the community	-0.934	-1.29	0.199
Our efforts to community activities are directed towards empowering community members	0.968	1.247	0.215
we/my institutions has given priority to setting vision, mission, goal, and objectives along with long-term strategies	1.677	2.336	0.021
Our organization has given priority to fulfil the government as well as institutions compliances	1.352	2.047	0.043
<b>R<sup>2</sup></b>	<b>0.168</b>		
<b>F</b>	<b>3.324</b>		
<b>Durbin-Watson</b>	<b>1.210</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

Under the study, the first question was emphasize training, workshop and coaching asked the respondents to know whether they workshops and coaching to enhance the leadership

capacity of community organizations. As illustrated in the table 4.10, a majority of the respondents were express these initiatives definitely contribute to the NGO sustainability.

As a result, variables to emphasize in the process of leadership building, the value of p is 0.029 so there is a significant relationship with the NGO sustainability. Similarly, value of p for other variables, "institutions has given priority to setting vision, mission, goal, and objectives along with long-term strategies" (p= 0.021) and "organization has given priority to fulfill the government, as well as institutions compliances" (p= 0.043), are significant relationship with NGO sustainability because those p-values are lower than the alpha value, i.e. 0.05. But others independent variables, "facilitate full and open discussion among the representative of the community organizations" (p=0.096), "assist the leaders of community organizations to develop skills by forming networking in the community" (p=0.999), "assist community organization to make plan and take effective action of their community efforts" (p=0.274), "oriented towards collaboration with historically excluded groups in the community" (p=0.199) and "efforts to community actively are directed towards empowering community members" (p=0.215) are insignificant relationship with NGO sustainability because its value of p is higher than the alpha value.

To find out the efforts of the government bodies and NGOs for enhancing the leadership capacity of the community organizations, the researcher discussed and conducted interviews with the target respondents. However, new and mentionable views of the respondents were not found. They reiterated the same voice as mentioned above. They added that they provide financial support to community organizations for conducting workshop, training, and coaching, help in forming a collaboration between community organizations and provide technical assistance to them. The respondents both the government officials and the representatives of NGOs stated that they invite community organizations in related programs organized by them and assign greater roles them.

The table 4.9 shows that the value of R-square (R<sup>2</sup>) is 0.168 i.e. 16.8% variation independent variable is explained by five independent variables. In other words, 16.8% variance in NGO sustainability has emphasized in the process of leadership building. The Durbin-Watson statistic model is best fit in the model because the Durbin-Watson

value is 1.210 that is in-between 0-4. Similarly, F value (3.324) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining the variation of NGO sustainability.

#### 4.4.2 Constraints and Challenges for Governance focus to Leadership Building

At the end of the collection of information, the respondents were requested to provide their responses regarding an important query of the researcher related to the issue raised in the study. The query was about the constraints and challenges that the NGOs are facing to promote a meaningful community engagement, governance and leadership building in their respective working area. For this purpose, the respondents were given altogether six factors and requested to rank them on the basis of priority (from 5 to 1) that they felt as appropriate. The table 4.11 shows the responses given by the respondents and statistical analysis.

**Table-4.11**

#### **Constraints and Challenges for Governance focus to Leadership Building**

<i>Unfavorable Factors</i>	<b>B</b>	<b>t</b>	<b>p *</b>
<b>(Constant)</b>	55.363	11.674	0.000
Effective government policy framework	1.877	3.486	0.001
Awareness in the community	1.545	3.156	0.002
Sense of volunteerism in the community	-0.008	-0.021	0.983
Ethnic and regional discrimination in the community	1.659	2.779	0.006
Effect of local politics	0.826	1.631	0.105
Succession plan	0.45	0.631	0.529
<b>R<sup>2</sup></b>	<b>0.258</b>		
<b>F</b>	<b>7.771</b>		
<b>Durbin-Watson</b>	<b>1.406</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

Table 4.11 shows the result of the field survey. As shown in the table, the representatives of NGOs provided responses regarding the factors that are hindering the NGO sustainability and leadership building. The respondents chose lack of awareness; the

negative effect of an effective government policy framework, awareness in the community and regional discrimination in the community are the major constraints to leadership building for the NGO sustainability. As a result, these three variables to constraints and challenges for governance focus to leadership building; the value of p is 0.001, 0.002 and 0.006 respectively so there is a significant relationship with the NGO sustainability. On the basis of the result of the field survey negative effect of the effective government policy framework, lack of awareness among the community residents and regional discrimination in the community are the main challenges for promoting effective community participation, leadership building initiatives.

Similarly, value of p for other variables, "sense of volunteerism in the community" (p= 0.983), "effect of local politics" (p= 0.105) and "successions plan" (p=0.529) is insignificant relationships with NGO sustainability because those p-values are higher than the alpha value, i.e. 0.05. At the end of the discussion and interview, the respondents were asked to express their concerns and suggestions openly in light with the last question i.e. the challenges and the constraints that are being faced by the government bodies and NGOs and the ways to overcome them.

Based on the interview with governmental officials and NGO experts that can also be concluded that the survival of NGOs in similar context as those studied can be improved if they are able to develop and implement need-based and demand-driven program, supported by good leadership and local policy framework, transparency, accountability, proper planning, relationship with key likeminded organizations & person, regular capacity building activities to HR, and commitment to meet felt and expressed need of beneficiaries. Furthermore, they also expressed and highlighted that the need for management capacity which promotes learning organization principles (e.g. shared vision, teamwork), and the provision of quality material resources, management skill for organizational efficiency & effectiveness.

The table 4.11 shows that the value of R-square (R<sup>2</sup>) is **0.258** i.e. 25.8% variation independent variable is explained by six independent variables. In other words, 16.8% variances in NGO sustainability have emphasized the constraints and challenges of governance for leadership building. The Durbin-Watson statistic model is best fit in the model because the Durbin-Watson value is **1.406** that is in-between 0-4. Similarly, F



value (7.771) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining the variation of NGO sustainability.

In the query of the researcher, the government officials suggested that neither the existing government mechanism at local level nor the resources and practices are sufficient for community activity. According to them, they are very busy in the delivery of service to the people. So they have no time to think seriously about the concerns of the community. According to them, lack of elected officials' bodies, local level politics in the community activity and lack of clear and transparent activity of local NGOs are the basic things that need be taken into consideration for meaningful community development. Similarly, the representatives of NGOs suggested that controlling the influence of local politics, developing a positive attitude towards the contributions of local NGOs and effective government programs and policy frameworks should be taken into consideration for NGO sustainability to achieve the desired result from to community development.

#### **4.5 Social Enterprising**

In recent years, many NGOs in Nepal seemed to have realized the fact that initiating entrepreneurial venture can be one of the best approaches to avert donor dependency and ensure sustainability of their activities but none of NGO so far seemed to have established a profit-making company for such purpose. Not just the definition but also the 'very reason' behind the emergence of the acts that govern non-for-profit and profit-making institution - clearly marks out the fundamental differences between these two types of organizations/business. As a result, the concerned line agencies of the government and the operating provisions for non-profit and profit-making companies are distinctively different.

##### **4.5.1 Possible Reason to establish Social Enterprise for NGO Sustainability**

At the end of the collection of information, the respondents were requested to provide their responses regarding an important of social enterprising for the NGO sustainability. The query was about the possible reason and significant of the social enterprises to sustain NGOs to serve community over the long period. For this purpose, the respondents were given altogether five factors and requested to rank them on the basis of

priority (from 5 to 1) that they felt as appropriate. The table 4.12 shows the possible reason to establish social enterprise given by the respondents and statistical analysis.

**Table-4.12**  
**Possible Reason of Social Enterprise**

Variables	b	t	p*
<b>(Constant)</b>	59.628	10.168	0.000
To cover the operating expenses of the NGOs	0.682	0.74	0.461
To establishment of the core sustainability fund	1.663	1.807	0.073
To utilized income of the social enterprise to community development interventions	-0.485	-0.67	0.504
To become self dependent	1.965	2.175	0.031
To aware community self-dependent as a developing the entrepreneurship capacity	0.872	1.595	0.113
<b>R<sup>2</sup></b>	<b>0.122</b>		
<b>F</b>	<b>3.747</b>		
<b>Durbin-Watson</b>	<b>1.151</b>		

\* Level of Significance at 5%

Source: Field Survey, 2016/017

The table 4.12 shows that the value of R-square ( $R^2$ ) is **0.122** i.e. 12.2% variation independent variable is explained by five independent variables. In other words, 12.2% variance in NGO sustainability has been affected by **establishing a social enterprise**. The Durbin-Watson statistic model is best fit in the model because the Durbin-Watson value is **1.151** that is in-between 0-4. Similarly, F value (**3.747**) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining the variation of NGO sustainability.

Most of the NGOs involved in various income generating activities with the objective of ensuring sustainability of their interventions are facing legal and taxation issues. Despite encouraging results and successful enterprising initiatives, some of the NGOs have closed down their ventures and others are on the verge of discontinuing such initiatives primarily due to issues regarding tax provisions. All the like-minded organizations consulted during the course of assignment unanimously pointed out the unclear and

complicated legal and tax provisions as one the main reason for not being able to smoothly continue their income generating initiatives.

Not just the definition but also the ‘very reason’ behind the emergence of the acts that govern non-for-profit and profit-making institution - clearly marks out the fundamental differences between these two types of organizations/business. As a result, the concerned line agencies of the government and the operating provisions for non-profit and profit-making companies are distinctively different. The prospect of non-profit companies establishing and/or investing in for-profit companies to ensure sustainability of its activities is ‘by law’ mutually exclusive. The existing legal provisions nullify any direct correlation between NGO and profit making company. However, the profit-making company can fund social activities of an NGO under its ‘Corporate Social Responsibility’ (CSR) call.

Table 4.12 illustrates the distribution of the responses provided by the respondents with respect to possible reason to establish social enterprise for NGO sustainability. The result as shown in the table 4.12 explain the relationship of possible reason to establish social enterprise for NGO sustainability with becoming self-dependent ( $p=0.031$ ), is a significant relationship with NGO sustainability because those p-values are lower than the alpha value. But the rest independent variables, to cover the operating expenses of the NGOs ( $p=0.461$ ), to establishment of the core sustainability fund ( $p=0.073$ ), to utilized income of the social enterprise to community development interventions ( $p=0.504$ ), and to aware community self dependent as a developing the entrepreneurship capacity ( $p=0.113$ ) discovering are insignificant relationship with NGO sustainability because its value of p is higher than the alpha value, i.e. 0.05.

Social enterprising is emerging concept in Nepalese context. In recent years, many NGOs in Nepal seemed to have realized the fact that initiating entrepreneurial venture can be one of the best approaches to avert donor dependency and ensure sustainability of their activities but none of NGO so far seemed to have established a profit-making company for such purpose.

#### **4.5.2 Constraints and Challenges Adversely Affecting the Social Enterprising**

At the end of the collection of information, the respondents were requested to provide their responses regarding an important query of the researcher related to the issue raised in the study. The query was about the constraints and challenges that the NGOs are facing to establish as a peer of social enterprises to their sustainability. For this purpose, the respondents were given altogether six factors and requested to rank them on the basis of priority (from 5 to 1) that they felt was appropriate (higher effect to establish social enterprise).

The wider consultation with GOs officials and I/NGOs experts to further endorsed the fact that gaps clearly existed in the current legal and tax provisions for non-for-profit organizations willing to venture into income generating activities. The representatives of the government agencies and legal experts shared contradicting opinions and views. It is evident that in lack of clear policies, the NGOs are at the mercy and discretion of the desk officer in the concerned government line agency. By definition, Non-Profit Organization means any organization established with a non-profit motive. According to Oxford Dictionary, 'Non-Profit' means 'not making or conducted primarily to make a profit'. In Nepal, Non-Profit Organization gained legal recognition after the enactment of Associations Registration Act 2034 (1977 AD). Clause (a) of Section 2 of the Associations Registration Act 2034 (1977 AD) states; "Association" means an association, institution, club, circle, council, study center etc. established for the purpose of developing and extending social, religious, literary, cultural, scientific, educational, intellectual, philosophical, physical, economic, vocational and philanthropic activities, and also includes the friendship association."

Ever since the Associations Registration Act, 2034 (1977 AD) was enacted, the number of NGOs getting registered in Nepal grew rapidly since there was no other specific act for regulating NGOs. Similarly, 'The Company Act, 2053 (1997 AD)' repealed by 'The Companies Act, 2063 (2006 AD)' come into force on 20 Ashwin 2063 (6 October 2006) to "amend and consolidate forthwith the legislation relating to companies in order to bring about dynamism in the economic development of the country by promoting investments in the industrial, commercial and business sectors through the process of economic liberalization, and further simplify and make more convenient and transparent"

the processes of establishing, managing and administering companies<sup>24</sup>. The table 4.13 shows the responses given by the respondents and statistical analysis.

**Table-4.13**  
**Existing Policy Framework and Problems in Social Enterprising**

<i>Unfavorable Factors</i>	<i>b</i>	<i>T</i>	<i>p</i> *
(Constant)	50.102	11.316	0.000
Effective Government Policy Framework	3.806	7.564	0.000
Legal Provision of SWC	0.23	0.355	0.723
Entrepreneurship Skill	1.623	3.753	0.000
Opportunities and Resources Constraints	0.773	1.822	0.071
Basic Idea on Sustainability through Social Enterprising	-0.043	-0.093	0.926
Misuse and Mismanagement of Income from Social Enterprises	1.284	2.798	0.006
<b>R<sup>2</sup></b>	<b>0.377</b>		
<b>F</b>	<b>13.340</b>		
<b>Durbin-Watson</b>	<b>1.364</b>		

\* *Level of Significance at 5%*

Source: Field Survey, 2016/017

Table 4.13 shows the result of the field survey. As shown in the table, both the local government officials and representatives of local NGOs provided more or less similar responses regarding the factors that are hindering existing policy framework and problems in establishing social enterprises for the NGO sustainability in the Nepalese context. The primary reason for this could be the fact that the law of Nepal and prevailing tax provisions do not clearly encourage direct correlation between non-for-profit and profit-making companies. The tax policy and the concerned authorities themselves are not clear regarding provision for tax rebates and/or exemptions on funds transferred to non-profit companies by profit-making companies.

<sup>24</sup> The Companies Act, 2063, Preamble

Table 4.13 illustrates the distribution of the responses provided by the respondents with respect to hindering existing policy framework and problems in establishing social enterprises for the NGO sustainability. The result as shown in the table 4.13 explain the relationship of effective government policy framework of NGO sustainability ( $p=0.000$ ), entrepreneurship skill ( $p=0.000$ ) and misuse & mismanagement of income from social enterprises ( $p=0.006$ ) are a significant relationship with NGO sustainability because those p-values are lower than the alpha value. This act has a special provision for the registration of an NGO. Sub-section (1) of Section 4 of Associations Registration Act 2034 (1977) defines, “Any seven or more than seven persons willing to establish an Association shall have to submit to the Local Authority an application setting out the following details on the Association, accompanied by one copy of the Statute of the Association with the prescribed fee and the details: (a) Name of the Association, (b) Objectives, (c) Name, address and occupation of the members of them Management Committee, (d) Financial sources, (e) Address of the office. Most of the NGOs in Nepal are either registered with CDO (Chief District Office) or under Social Welfare Council (SWC), a government body established to coordinate and facilitate NGOs and INGOs in Nepal. Clause (b) of Section (2) of Associations Registration Act, 2034 (1977 AD) defines “Local Authority” as “the authority specified by Government of Nepal by a notification published in the Nepal Gazette, and if the authority has not been so specified, it means the Chief District Officer.’

Sub-section (2) of Section 4, Associations Registration Act 2034 (1977) defines, “Upon receipt of the application referred to in Sub-section (1), the Local Authority shall make necessary inquiry, and register the Association, if he/she deems it appropriate to register the Association, and shall issue the certificate of registration.” Similarly, section (16) of Associations Registration Act 2034 (1977) defines, “If any other Nepal Act contains separate provisions on registration and establishment of any Association, notwithstanding anything contained in this Act, such an Association shall have to be registered or established in accordance with such Act.” As laid down in Sub-section (1) of Section 16 of Social Welfare Act, 2049, social institutions seeking financial, technical or commodity help from HMG/N of foreign governments of international community, donor organizations or international social institutions must apply to the Social Welfare Council with complete details relating to its project and take its approval. In this case, the

NGO must submit its project report to the Social Welfare Council within three months of time from the date of the completion of the project.

Sub-section (1) of Section 16 of Social Welfare Act, 2049 defines, “Social organizations and institutions willing to get material, technical, economic or any other kind of assistance either from Government of Nepal or foreign countries, international social organizations and institutions or missions or individuals shall submit a project proposal and application along with other details to the Council as prescribed. Provided that, yearly assistance up to Two Hundred Thousand Rupees for the project that to be finished immediately may be taken only giving prior notice to the Council and after the completion of said work, a report should be submitted to the Council, within the period of three months.”

NGOs obtaining an affiliation with Social Welfare Council are entitled to tax exemption facilities. Furthermore, Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068, also categorizes Non-Government Organizations as “organizations entitled to enjoy exemption”. Clause (f) of Sub-section 1 of Section 26, Income Tax Act, 2058 (2002)-Amended by Financial Act, 2068 (2011) categories ‘organization entitled to enjoy exemption’ as, “a social, religious, educational or benevolent organization of public nature established with non-profit motive” Since NGOs are established with non-profit motive, they are not liable to share profits. Clause (f) of Sub-section 1 of Section 26, Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068 further elaborates, “Provided that, in cases where any person has derived any benefit from the property of that organization and the monies obtained from that organization except in making payment for the property or the service rendered by any person to that organization or in discharging functions in consonance with the objective of the organization entitled to exemption, tax exemption shall not be granted to such organization.”

But the rest independent variables, to legal provision of SWC ( $p=0.723$ ), opportunities & resources constraints ( $p=0.071$ ) and basic idea on sustainability through Social enterprising ( $p=0.926$ ) are an insignificant relationship with NGO sustainability because its value of  $p$  is higher than the alpha value, i.e. 0.05. According to Value Added Tax Act, 2052 (1996)-an act made to implement proposals relating to Finance of the Government of Nepal, registration with VAT is required for any business with an annual

taxable turnover of more than 2 million rupees (NRs 20 Lakhs) or belonging to a conglomerate which has an aggregate annual taxable turnover exceeding 2 million rupees. In addition to consumers, persons (individual, firm, company, association, cooperative, institution, joint business, partnership, trust, government body or religious organization) involved in commercial activities are affected by VAT.

This means, that NGOs, who implement income-generating activities for sustainability but does not generate over NPR 20 Lakhs are not affected by VAT but has to continue generating income in small scale. But if an NGO intends to implement various activities for generating income in larger scale, it has to abide by the laws of this act i.e. pay VAT.

The table 4.13 shows that the value of R-square (R<sup>2</sup>) is **0.377** i.e. **37.7%** variation independent variable is explained by six independent variables. In other words, 37.7% variances in NGO sustainability have emphasized the constraints and challenges on social enterprising. The Durbin-Watson statistic model is best fit in the model because the Durbin-Watson value is **1.364** that is in-between 0-4. Similarly, F value (**13.340**) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining the variation of NGO sustainability.

#### **4.6 Social Enterprising as NGO Sustainability: Experiences from the Case Study**

As discussed above, social enterprising is an important factor of NGO sustainability but there are many legal constraints. However, one of the methods of this study was to conduct case study related to these issue on social enterprising. The researcher felt that only asking a question and taking interviews with target respondents would not be rational to draw a conclusion on these significant variables, "social enterprising". Thus, during the study, a case study was analyzed. For the purpose of analyzing the case, required data and information were collected by using informal questionnaire, informal discussion with the representatives of the NGO.

##### **4.6.1 Case Study of South Asian Partnership-Nepal (SAP Nepal)**

SAP-Nepal (South Asian Partnership-Nepal) is a non-government organization working for the capacity building of development organization since its inception in 1985. Since



1985, it has been advocating the overall social, political and economic issues for enhancement of the lives of the Nepalese people. Having served as an International NGO for a decade, it officially assumed the role of a national NGO in 1994.

SAP Nepal started its development journey as a fund-channelling mechanism in 1985, later transforming itself into a facilitating organization in 1989. To maintain a sustainable fund-channelling mechanism, SAP Nepal started various income generating businesses including restaurants, cyber café, and hostels. Additionally, SAP Nepal publishes books, brochures, newsletters and other related documents from their publication house.

On the other hand, SAP-Nepal has set up Resources Center in Kathmandu and Chitwan. The facility of the National Resources Center, Kathmandu also includes a training and conference hall that has the capacity of 100 holding persons, with backup facilities like computers, internet, overhead projectors, LCD projectors, public address system and etc.

Registered as: Non-Governmental Organization under the Associations Registration Act, 2034 (1977)

Problem: Has been struggling with issues related to Tax. As the tax policies SAP registered in a VAT to enable itself to raise an invoice and operate the business of more than NPR 25,00,000 per year but started to face problems since NGOs are not required to register under VAT as per the act that governs Non for Profit organizations in Nepal.

Response: Since it is VAT registered, SAP Nepal is obliged to calculate VAT and is entitled to a VAT deduction under the legislative regulations. Thus, SAP Nepal is now intending to amend its registration as Not for Profit Company which is still in process and delayed due to confusions among the concerned authorities and contradictory legal provisions.

#### **4.6 Correlation Analysis of Independent Variables of NGO Sustainability**

This question considered of four major variables of NGO sustainability in Nepalese context. Each variable reflected the association between the variables that judged what extent these factors effects of the NGO sustainability. Thus, this questions judged NGO sustainability from the perceptive community engagement, governance (leadership

building), a partnership with GOs/INGOs and social enterprising. The questions incorporated four elements that have asked as a separate to each respondent form GOs/INGOs and NGOs representatives. For the purpose of required information from the respondents, they were given five alternatives for each element. They were asked to choose one best option on the basis of their level of agreement. Table 4.14 shows the responses provided by the respondents and its statistical values.

**Table- 4.14**  
**Correlation Matrix of the variables that contribute NGO Sustainability**

	<b>Partnership with GOs/INGOs</b>	<b>Community Engagement</b>	<b>Governance (Leadership)</b>	<b>Social Enterprising</b>
<b>Partnership with GOs/INGOs</b>	1	0.154	0.397**	0.452**
<b>Community Engagement</b>		1	0.379**	0.066
<b>Governance (Leadership)</b>			1	0.450**
<b>Social Enterprising</b>				1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2016/017

A correlation analysis was conducted on all variables to explore the relationship between the variables. The analysis of bivariate correlation was subject to two-tailed tests at 0.01 and 0.05 levels of significance. The result of correlation analysis shows all positive figures (see table 4.14 above). This suggests that correlations are positive between NGO sustainability and its independent's variables; i.e. partnership with GOs/INGOs, community engagement, governance (leadership) and social enterprising. In other words, the above-mentioned variables have positively correlated that have a significant contribution to NGO sustainability in the Nepalese context.

The correlation coefficient is 0.154 which means there is a moderate positive correlation between partnership with GOs/INGOs and community engagement for the NGO

sustainability. Likewise, the correlation coefficient is 0.397 which means they're also a moderate positive correlation between partnership with GOs/INGOs and governance (leadership building) for the NGO sustainability in Nepal. Similarly, the correlation coefficient between partnership with GOs/INGOs and social enterprising is 0.452 which states that there is a moderate positive relationship between them. In this way, the correlation coefficient is 0.379 which refers that there is also the moderate positive relationship between community engagement and governance (leadership building) for NGO sustainability in Nepal.

Likewise, the above table 4.14 shows that the coefficient value is 0.066 which indicates that also the positive relationship between community engagement and social enterprising, for NGO sustainability in Nepal. From the above studies and analysis, it can be concluded that happened due to policy constraint to establish social enterprise by the NGO. Similarly, the correlation coefficient between governance (leadership building) and social enterprising is 0.450 which states that there is a moderate positive relationship between them to support NGO sustainability in Nepal.

A correlation analysis was conducted on all variables to examine the relationship between the variables of the study. The analysis of the bivariate correlation was subject to two-tailed tests at 0.01 and 0.05 levels of significance. The results of correlation analyses have shown all positive values as depicted in the above table 4.14. This suggested that correlations are positive between NGO sustainability and its independent variables i.e. partnership with GOs/INGOs, community engagement, governance (leadership) and social enterprising.

#### **4.7 Degree of contribution to NGO Sustainability**

This question considered of four major variables of NGO sustainability. Each variable reflected the relation of the NGO that judged what extent these factors effects of the NGO sustainability. The questions incorporated four elements that have asked each respondent form GOs/INGOs and NGOs representatives. They were asked to choose one best option on the basis of their level of agreement. Table 4.15 shows the responses provided by the respondents and its statistical values.

**Table-4.15****Descriptive Analysis of Independent Variables of NGO Sustainability**

Variables	Mean	SD	Strongly Disagree & Disagree	Undecided	Strongly agree & Agree	Total	% of S. Agree & Agree
Partnership with GOs/INGOs	4.67	0.569	0	7	134	141	95.04%
Community Engagement	4.94	0.245	0	0	141	141	100%
Governance (Leadership Building)	4.80	0.400	0	0	141	141	100%
Social Enterprising	4.59	0.574	0	6	135	141	95.74%

Source: Field Survey, 2016/017

The target respondents were asked this question (what extent can you agree on these factors to contribute NGO sustainability) to find out to what extent the factor contributed strategies adopted by the NGOs are oriented towards NGO sustainability. As shown in the table 4.15, the result shows that a large majority i.e. 100% of the representatives agreed that their opinion on community engagement and leadership building are the major factors of NGO sustainability and follows by social enterprising and partnership development factors also significantly agreed by 95.74% and 95.04% respectively. Similarly, a minor opinion i.e., 4.06% of respondents have undecided the partnership of GOs/INGOS and 4.26% of respondent also undecided the social enterprising that contribute the NGO sustainability. However, there are no any negative opinions disagreed the views on it.

The result shows that due to the variation in the responses provided by the representatives of NGOs and governments on community engagement and leadership building the value of SD of 0.245 and 0.400 respectively are low as compared to a

partnership with GOs/INGOS and social enterprising i.e.(0.569: 0.594). The mean value of the responses provided to partnership and social enterprising (i.e. 4.67 and 4.59 respectively) seems low as compared to community engagement and leadership building (i.e. 4.94 and 4.80). It is found from the result that both mean values of community engagement and leadership building are quite low thus the factors are contributed more to NGO sustainability. However, if we compare the result, the degree of NGO sustainability seem to be better oriented towards the community engagement and leadership building as compared to the partnership with GOs/INGO and social enterprising.

## CHAPTER-FIVE

### STUDY FINDINGS, CONCLUSIONS, AND RECOMMENDATION

#### 5.1 Findings of the Study

The study identifies that the community engagement, a partnership with GOs and INGOs, governance (focus on leadership building), and social enterprising are significant factors to contribute the NGOs sustainability in Nepalese context. Besides these factors, mobilization of local resources, availability of funds, quality material resources, development of needs-based and demand-driven programs, and effective management can also have contributed to the sustainability of NGOs. Equally, the social enterprise for generating the resource to cover the NGOs operational cost was least critical to NGO sustainability, although they were all very important.

This research work entitled "NGO Sustainability in Nepal" was conducted to understand NGO sustainability in Nepal along with determine whether existing partnership with government and I/NGOs to facilitates community development over the long period and the existing efforts of the government and NGOs incorporate basic principles of community development in terms of community engagement, enhancing the leadership capacity of the NGO with ensuring governance, and social enterprising of the NGOs in the study area.

To accomplish this task, scientific procedures were followed to collect required information from the target respondents and to analyze the information. The study is divided into five chapters. In this last chapter, the findings derived from the analysis of quantitative as well as qualitative data and information are summarized under different sub-sections. In addition, some data suggestions on the basis of study findings and implications and the scope for the future course of research are also presented in this chapter.

##### 5.1.1 Existing Situation of NGOs Sustainability

Increasingly, it is being accepted in many developing countries that the state can no longer be the sole provider of goods and services for eradicating poverty and ensuring sustainable development among its people. Accordingly, with the increasing demands on governments in many developing countries to meet the needs of their citizenry, non-

governmental organizations (NGOs) are taking active and complementary roles in harnessing the potentials of the people for national development (Lekorwe & Mpabanga, 2007). Consequently, in the last decade the support to, and interest in NGOs has grown in many developing countries. The persuasion was that NGOs were more flexible, adaptive and quick to respond to peoples' needs than governments (Lekorwe & Mpabanga, 2007). Further, they could deliver higher quality social services and programs to the very poorest sectors of the society in a cost-effective and efficient way for sustainable development (Clark, 1991 & Fowler, 1988). Not surprisingly, by 2014, Nepal had already registered more than 39759 NGOs to operate in different parts of the country (SWC, 2014).

Interestingly, the expanded role of the NGO sector had been accompanied by heightened expectations of accountability and requirement for demonstrable evidence that they can significantly contribute to national development as earlier thought. In most developing countries such as Nepal, NGOs have been associated with several weaknesses including lack of experienced manpower, limited financial assistance, having short-range objectives, yielding to political influences and corruption (Campo & Sundaram, 2001; Shastri, 2008). Schiampo-Campo and Sundaram (2001), for instance, argued that not all NGOs have the time and expertise to efficiently manage all their programs, or even to ensure full involvement of communities. These perceived weaknesses, perceptibly, present a major threat to the organizational sustainability of many NGOs in developing countries. That is, the ability or capacity of the NGOs to tolerate—internal and external factors that affect their operations and survival (Broekhuis & Vos, 2003; Geelsa, 2010). According to the SWC officials and NGOs experts of Nepal expressed that many NGOs in Nepal fold up within the first two to five years of their registration for reasons not clearly understood.

### **5.1.2 Scope of NGO Sustainability**

To understand the factors that can influence the sustainability of NGOs, the study asked the key informants to indicate the extent to which their NGOs consider the following organizational factors: partnership with GOs and INGOs, community engagement, governance focus to leadership, and social enterprising along with local resource mobilization, funding, program development, programs management and quality of material resources in their sustainability plans. The organizational factors are those

factors which are internal to the NGO, and over which the organization has a degree of control as opposed to external factors (e.g. government policy) which are outside the control of the NGO but which can affect its sustainability. These organizational factors have been discussed widely in the organizational sustainability literature (Atiti, 2006; Malunga & Banda, 2004; Moore, 2005; Thomas & Thomas, 2000; VanSant, 2003).

The results showed that organizational sustainability is perceived by NGOs from several aspects of organization's activities. The scope includes the availability of funds, availability, and quality of material resources, supportive leadership, strategy to the mobilization of local resources, development of the needs-based and demand-driven program and effective management as well. The results of correlation analyses have shown all positive values as depicted in the above table 4.14. This suggested that correlations are positive between NGO sustainability and its independent Variables i.e. partnership with GOs/INGOs, community engagement, governance (leadership) and social enterprising. The majority i.e. 100% of the representatives agreed that their opinion on community engagement and leadership building are the major factors of NGO sustainability and follows by social enterprising and partnership development factors also significantly agreed by 95.74% and 95.04% respectively. Similarly, a minor opinion i.e., 4.06% of respondents have undecided the partnership of GOs/INGOS and 4.26% of respondent also undecided the social enterprising that contribute the NGO sustainability (Table 4.15). However, there are no any negative opinions disagreed the views on it. This is followed by funding which has always been perceived as a limiting factor especially, in developing countries such as Nepal (Ditshwanelo, 2004; Lekorwe & Mpabanga, 2007; VanSant, 2003). Understandably, leadership is critical for marshalling the needed funds especially for non-profit organizations which according to the literature (Malunga & Banda, 2004) have their sustainability dependent on their ability to mobilize local resources to implement their activities. Comparatively, the availability and quality of material resources for NGOs' operation were found not as critical to NGO sustainability in the study area, although all were rated moderately high in the planning for sustainable operation by the case organizations.

### **5.1.3 Existing Situation Partnership with GOs/INGO to Support NGOs Sustainability**

The research question of the study was whether present NGO partnership with GOs/INGOs can ensure the sustainability to facilitate the community development



activities over the long period. With respect to this question, the findings of the study are summarized as follow.

#### **5.1.3.1 Causes of Partnership of GOs and I/NGOs**

The result shows that fulfilling the resource deficiencies, scaling up developmental tasks in the community and building institutional capacity is the prime reason for both the local government and local NGOs for joining the partnership. As shown in the table4.2, p-value=0.002, 0.006 are less than alpha<sup>25</sup> ( $\alpha$ ) value i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with strengthen NGOs capacity and cover operating expenses of the NGOs.

#### **5.1.3.2 Core Value and Principle of Partnership**

Table 4.3 illustrates the distribution of the responses provided by the respondents with respect to the relationship between core value and principle of partnership for the NGO sustainability. This concluded that there is a significant relationship between NGO sustainability with recognition of other as partners (p=0.024). Similarly, harmonized goal and objectives of the NGOs (p=0.000) also a significant relationship with NGO sustainability. It was found that existing partnership between the local government and NGOs is guided by clear goals and objectives. However, it was also found that there is a fundamental difference in the priority of the programs between the government and the NGOs. The committed shared leadership in the existing partnership between the government and NGOs was not found to be satisfactory. Similarly, participatory decision making (p=0.307), two-way exchange of information (p=0.745) and clear allocation of cost and benefits (p=0.819) are insignificant relationships with NGO sustainability because those p-values are higher than the alpha value.

The finding shows that the local government bodies tend to claim that there is a two-way exchange of information between them and local NGOs. However, NGOs are not satisfied regarding the exchange of information between them and the local government. Both the local government bodies and local NGOs were found to be quite satisfied with what they expected from the collaboration Mattessich, Murray Ciose, and Monsey (2001) conducted a meta-analysis of 40 research studies aimed at answering a question: what factors influence the success of collaborative efforts among organization in the

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<sup>25</sup> The significance level, also denoted as alpha or  $\alpha$ , is the probability of rejecting the null hypothesis when it is true.

human services, government, and other nonprofit fields? They identified favorable political and social climate: mutual respect, understanding and trustability to compromise: clear roles and policy guidelines: shared vision: and skilled leadership among others necessary for effective partnership (Koksarova, 2012) If we compare the results of the study with those of Mattessich, Murray-close, and Monsey, this study shows the adoption of the core values and principles in the existing partnership to be quite poor. The findings of the study also indicate that the local government does not trust local NGOs and their activities. Similarly, NGOs perceive that they are not being treated as a partner from the local government. 23.2% variance in NGO sustainability has been caused by core value and principle of Partnership adopted by the NGO. The Durbin Watson statistic model is best fit in the model because the Durbin-Watson value is 1.116 that is in-between 0-4. Similarly, F value (5.744) of the model has been found to be significant at 1% level of significance showing that the model is best fit to use and model is significant in explaining variation in NGO sustainability.

#### **5.1.3.3 Nature of Partnership with GOs and I/NGOs**

The value of  $R^2$  is 0.165 i.e. 16.5% variance in NGO sustainability has been caused by nature of partnership of GOs/INGOs and NGOs. This concluded that there is a significant relationship between NGO sustainability with NGOs are involved in fulfilling the demands of the community that are left by the government. Similarly, p-value=0.000 is lower than the alpha value so the government and INGOs both tend to influences and check to each others' activities also a significant relationship with NGO sustainability. The findings of the study show that local bodies do not agree that the NGOs are involved in those activities of the community that are not satisfied by the government. However, NGOs claim that they are involving in those activities and areas where the government cannot reach. Both the local government bodies and NGOs agreed that they are performing interrelated roles in the community and their efforts and activities are coordinated and connected to each other. In this issue, local NGOs are more certain that the local government bodies. Both the local government bodies and local NGOs rejected that their efforts are oriented towards influencing and checking each others' activities. In other words, they did not agree on the influencing type of relationship between them. Similarly, regarding the nature of the relationship between the local government and local NGOs, the local government bodies seemed to be quite sceptical towards the roles that are being born by local NGOs in the community.

Result of the field survey shows that rest variables the government cum INGOs perform interrelated roles (INGOs/Donors are involved as an alternative source so their activities are connected and coordinated) ( $p=0.391$ ) and Government and INGOs focus and requires of partnership with NGOs to support of developmental activities ( $p=0.611$ ) are insignificant relationship with NGO sustainability. Regarding the nature of the relationship between the government and NGOs, three modes of the relationship were taken into consideration. However, these three modes of relationship are by no means mutually exclusive (Young, 2006). If we view the result of the field survey from the economic perspectives (as discussed in the section 2.1.8.4), it shows a complementary rather than supplementary and adversarial types of relationship. More specifically, local NGOs seem to support what Tvedt (1998) terms 'a dual model' of relationship that is NGOs give priority to the communities that are marginalized by state and play the primary role of filling the gaps left by the government (Makuwira, 2006). The findings of the study show that both the government and NGOs agreed for a collaborative model of relationship. Collaborative model is one of the most conducive models and perhaps one that strikes a balance which allows for the two sectors government and NGOs to work together for the sustainability.

#### **5.1.3.4 Existing Policy Framework for Facilitating Partnership**

With respect to the problems in the existing partnership, mutual mistrust and misunderstanding between the local government and local NGOs seemed to be a major problem of existing partnership between the local government and local NGOs. Similarly, local level politics in the community activity seemed to be another major constraint in facilitating effective collaboration between the local government and local NGOs in the community development programs. This concluded that there is a significant relationship between NGO sustainability with the appropriateness of existing policy framework even having some constraints. Similarly, the existing policy framework on complicated & unnecessary formalities and Lack of awareness at the community level of  $p$ -values= $0.007$  and  $0.001$  respectively are lower than the alpha value so these factors are a significant relationship with NGO sustainability.

#### **5.1.4 Existing Situation of Community Engagement for NGOs Sustainability**

As shown in table 4.6, the result shows that  $p$ -value= $0.001$  are less than alpha ( $\alpha$ ) value

i.e. 0.05. This concluded that there is a significant relationship between NGO sustainability with the course of strategies to community engagement by involving themselves. The local government bodies were found to agree that the concerned stakeholders were involved in policy formulation process. However, local NGOs did not agree that they were consulted and involved in the policy formulation regarding the collaboration between them and the local government bodies. On the basis of the responses provided by the local government and NGOs, existing policy framework including laws and regulations were found to be appropriate to regulate and facilitate a partnership between the local government and local NGOs. Variables for the course of strategies to community engagement are Involving people in the government directed programs ( $p=0.873$ ), maintaining the relationship between community members ( $p=0.294$ ), and NGOs give respect community for their involvement on decision making ( $p=0.130$ ) are an insignificant relationship with NGO sustainability. It was also found that both the government officials and representatives of NGOs argued that existing legal provisions especially the Local self-governance Act (1999) and the Social Welfare Act (1992) were not put into practice properly. Similarly, the lack of effective action and willingness of the government, the self-interest of the local NGOs, mistrust between the local government and local NGOs were found to have hampered the pro implementation of existing policies instruments for promoting meaningful collaboration between the local government bodies and local NGOs. In addition, the feedback mechanisms and follow up of implemented laws and policies for promoting effective collaboration between the local government and local NGOs were found to be very weak. Similarly, the value of R-square ( $R^2$ ) is 0.198 i.e. 19.8% variation independent variable is explained by four independent variables. In other words, 19.8% variance in NGO sustainability has been caused by course of strategies for community engagement.

### **5.1.5 Efforts of the Local Government and NGOs in Community Engagement**

The findings in relation to the efforts of the government bodies and NGOs in community engagement are summarized in the following section.

#### **5.1.5.1 Course of Strategies for Community Engagement**

This concluded that there is a significant relationship between NGO sustainability with any institution determine(s) objectives of the participation to community engagement by involving themselves ( $p=0.000$ ). The strategies adopted by the NGOs are supposed to be

orientated towards the community itself. Strategies of the NGOs were found to be better oriented towards the community. However, efforts to community engagement were not directed towards the involvement of people in the government directed programs. The study showed that the efforts of the NGOs promoted community engagement to facilitate for maintaining the relationship between community members were found to be satisfactory and that contributed the NGO sustainability.

The above results show different strategies or approaches to community participation. Strategy-oriented towards the initiatives of the community (known as a community-based strategy) is an elementary form of community participation which supports the local development of infrastructure services and enhances the community groups' capacity to manage service development (Schubeler, 1996). Similarly, Matarrita-Cascante and Brennan (2012) describe the strategy oriented towards maintaining relationship between community members as a 'self-help form of community development where people associate with each other while building meaningful relationships in this form and community residents or groups are often the leading stakeholders promoting a program or activity (p. 299). NGOs identify local condition and needs of the community is an insignificant relationship with NGO sustainability. Similarly, another variable to support community engagement is NGOs educate community residents to understand problems and find their solutions (using baseline, midline, and end line survey). The researcher wanted to know to what extent the NGOs search for different mechanisms to enhance the participation since there is no one single best way to community participation.

According to the respondents, the meetings of community residents and members including local NGOs and community are organized to identify and prioritize the programs to be implemented in the community. However, in the process of selecting these and the programs, the local elites and local leaders of the community also play greater roles. On the basis of the result, it can be said that there is always the danger that decision-making community level may fall into the hands of a small and self-perpetuating clique which may act in its own interests with disregard for the wider community (Bhotes & Rensburg, 2000).

Findings show that the value of R-square ( $R^2$ ) is **0.282** i.e. 28.2% variation independent variable is explained by five independent variables. In other words, 28.2% variance in NGO sustainability has been supported by the community engagement. Similarly, the local political influence was said to play important roles in the formation of committees in the communities. Thus, political parties and political cadres, according to the informants, want to use community groups and committees for their political purposes. On the basis of the responses provided by the respondents, it seems that identification, prioritization, selection implementation, and evaluation of the programs in the community are influenced by the local politics.

#### **5.1.5.2 Factors supports the Community Engagement**

The study shows that the NGOs determine the objective of community engagement that gave more emphasis on determining objectives. Similarly, it was also found that both the government and NGOs identify existing local conditions as well as needs of the community to facilitate community engagement. The result concluded that there is a significant relationship between NGO sustainability with the course of strategies to community engagement by involving themselves.

The NGOs gave more emphasis on educating community residents to understand their problems existing in their community. In the same way, their efforts focused on motivating community residents to mobilize community resources for the benefit of the community. However the result showed that the variables for the course of strategies to community engagement are involving people in the government directed programs ( $p=0.873$ ), maintaining the relationship between community members ( $p=0.294$ ), and NGOs give respect community for their involvement on decision making ( $p=0.130$ ) are an insignificant relationship with NGO sustainability.

In the process of identifying local conditions and needs of the community, the NGOs were found to be more conscious. Similarly, regarding the searching for alternative means of engagement, educating community residents helping them to understand their own problems and motivating the community to mobilize local resources, the NGOs seemed to be quite conscious. The result also concluded that there is a significant relationship between NGO sustainability with any institution determine(s) objectives of the participation to community engagement by involving themselves.

### 5.1.1.2.3 Elements Emphasis on Community Engagement

The study shows that the NGOs gave emphasis on the role of community members in their efforts to community participation. Similarly, the NGOs provided an opportunity to community members to articulate their diverse interests in the process of managing community affairs. The result as shown that variables to support community engagement are emphasis is given to the needs of vulnerable communities and diverse community groups ( $p=0.005$ ) and participation of various stakeholders is voluntary ( $p=0.008$ ), are a significant relationship with NGO sustainability because those p-values are higher than the alpha value. The study also concluded that the "*NGO by the people*" is realized more sense of ownership building that the "*NGO for the people*" that ensure the NGO sustainability in Nepalese context (personal interview with SWC official).

It was found that the NGOs focused on the needs of the vulnerable groups of the community. With respect to the participation of members in managing community affairs, the local government bodies were found to claim that participation is voluntary for the community residents. However, the NGOs claimed that the local elites and political cadres influenced community residents in the process of community participation. It was also found that existing efforts of the NGO provided opportunities to community members to share information and to increase mutual trust and confidence among themselves. The result as shown that variables to managing diverse interests in their respective communities for their engagement are developing mutual understanding trust and building consensus ( $p=0.035$ ), organizing gatherings to discuss the issues ( $p=0.023$ ), and supporting conflict by established rules and regulations ( $p=0.000$ ) are significant relationship with NGO sustainability because those p-values are lower than the alpha value, i.e. 0.05.

As shown by the findings of the study, the efforts of the NGOs seemed to be supportive for promoting community participation since the main purposes of community participation, as mentioned by Sanoff (2000, pp, 9.10), are to involve people in decision making process, increase their trusts and confidence, provide them with a voice in decision making and promote a sense of community by bringing people together and promote individual earning through increased awareness of their problems.

#### **5.1.1.2.4 Managing Diverse Interest in the Process of Community Engagement**

Regarding the management of diverse interests of various groups of the community, the result of the study indicated that the NGOs emphasized building mutual understanding and mutual trust between community members. The result shows that variables to managing diverse interests in their respective communities for their engagement are developing mutual understanding trust and building consensus ( $p=0.035$ ), organizing gatherings to discuss the issues ( $p=0.023$ ), and supporting conflict by established rules and regulations ( $p=0.000$ ) are a significant relationship with NGO sustainability.

However, identifying preferred alternatives ( $p=0.965$ ) and discovering hidden interest of the conflict ( $p=0.174$ ) is an insignificant relationship with NGO sustainability because its value of  $p$  is higher than the alpha value. The government bodies seemed to manage diverse interests of the community by suppressing conflict in some cases. Thus, for the local government bodies, the legal provisions seemed to be an indirect mechanism for managing diverse interests of the diverse interest groups of the community.

#### **5.1.1.3 Governance-Leadership Building**

With respect to the leadership capacity building of NGOs, the findings of the study indicated that the NGOs emphasized the enhancement of the leadership capacity of the community organizations through training and workshops. In recent years the terms capacity building has become very widely used by the governments, donor agencies, NGOs and civil society organizations. Why the concept has attained such prominence is often answered by reference to the role NGOs and CBOs could play, should play and are playing in their various national and local contexts, and crucially, their abilities to fulfil these roles (Will Low and Eileen, 2012).

In the same way, the efforts of the government and NGOs were found to support a full and open discussion for the advancement of leadership capacity of community organizations. In comparison, the efforts of NGOs seemed quite better than the efforts of the local government bodies. The result of the study showed that the efforts of government bodies and the NGOs were oriented towards developing leadership skills of the community organizations. However, the efforts of the local government bodies seemed quite better than that of NGOs. It was also found that the efforts of the NGOs



assisted community organizations to make their plan and to take effective action. However, efforts of NGOs seemed a bit better than that of the local government bodies.

As a result, variables to emphasize in the process of leadership building, the value of  $p$  is 0.029 so there is a significant relationship with the NGO sustainability. Similarly, the value of  $p$  for other variables, "institutions has given priority to set the vision, mission, goal, and objectives along with long-term strategies" ( $p= 0.021$ ) and "organization have given priority to fulfill the government, as well as institutions compliances" ( $p= 0.043$ ), are a significant relationship with NGO sustainability. The study also illustrated that the efforts of NGOs were oriented towards collaboration with vulnerable groups in the community. Similarly, it was found from the responses provided by the respondents that the efforts of NGOs were oriented towards empowering community organizations.

The finding with respect to the existing efforts of the NGOs to enhance the leadership capacity of the community organization can be assessed with the guidelines provided by Gamble and Weil (2010). According to them establishing a working relationship, providing an opportunity to facilitate workshops to learn about alternative decision making techniques, assisting the organizations to develop techniques for setting goals, forming alliances, managing internal disagreements, monitoring and evaluating community efforts and facilitating the organizations in taking effective action help community members to develop their capacity which in turn facilitate developing leadership qualities and skill for effective community practice. On the basis of these elements, as indicated by the study, the existing efforts of the NGOs seemed to facilitate leadership capacity of community organizations in the study area. The results of the case studies also showed that efforts have created opportunities to the community members to think and understand their problems; to organize and initiate action themselves for improving their living standard and to take collective actions to solve their own problems

#### **5.1.1.3.1 Constraints and Challenges for Governance and Leadership Building**

On the basis of the analysis of the result of the field survey, it was found that for both the local government bodies and NGOs, negative effect of the local level politics and lack of awareness among the communities were the main challenges for promoting effective community participation and leadership building initiatives. Similarly, the result shows that the variables used in the study on constraints and challenges of governance focus to

leadership building: "negative effect of the effective government policy framework", "lack of awareness among the community" and "regional discrimination in the community" are the main challenges for promoting effective community participation, leadership building initiatives, so there is significant relationship with the NGO sustainability because their values of p are 0.001, 0.002 and 0.006 respectively, which is less than the alpha value, i.e. 0.05.

#### **5.1.1.4 Existing Situation of Social Enterprising for NGO Sustainability**

The prospect of non-profit companies establishing and/or investing in for-profit companies to ensure sustainability of its activities is 'by law' mutually exclusive. The existing legal provisions nullify any direct correlation between NGO and profit making company. However, the profit-making company can fund social activities of an NGO under its 'Corporate Social Responsibility' (CSR) call.

##### **5.1.1.4.1 Core Value and Principle of Social Enterprising**

In recent years, many NGOs in Nepal seemed to have realized the fact that initiating entrepreneurial venture can be one of the best approaches to avert donor dependency and ensure sustainability of their activities but none of NGO so far seemed to have established a profit-making company for such purpose. The result of the study explained that the relationship of possible reason to establish social enterprise for NGO sustainability with becoming self-dependent ( $p=0.031$ ), is a significant relationship with NGO sustainability because those p-values are lower than the alpha value, i.e. 0.05.

The result also explained that the rest independent variables, to cover the operating expenses of the NGOs ( $p=0.461$ ), to establishment of the core sustainability fund ( $p=0.073$ ), to utilized income of the social enterprise to community development interventions ( $p=0.504$ ), and to aware community self dependent as a developing the entrepreneurship capacity ( $p=0.113$ ) discovering are insignificant relationship with NGO sustainability. The primary reason for this could be the fact that the law of Nepal and prevailing Tax provisions do not clearly encourage direct correlation between non-for-profit and profit-making companies. The tax policy and the concerned authorities themselves are not clear regarding provision for Tax rebates and/or exemptions on funds transferred to Non-profit companies by profit-making companies.

#### **5.1.1.4.2 Problems in Existing Social Enterprising**

The prospect of NGO or Non-profit companies establishing and/or investing in for-profit companies to ensure sustainability of its activities is 'by law' mutually exclusive. The existing legal provisions invalidate any direct correlation between NGO and profit making company.

#### **5.1.1.4.4 Existing Policy Framework for Facilitating Social Enterprising**

The result shows that the relationship of effective government policy framework of NGO sustainability ( $p=0.000$ ), entrepreneurship skill ( $p=0.000$ ), and misuse & mismanagement of income from social enterprises ( $p=0.006$ ) are a significant relationship with NGO sustainability because those p-values are lower than the alpha value. But the variables used in the study, to legal provision of SWC ( $p=0.723$ ), opportunities & resources constraints ( $p=0.071$ ) and basic idea on sustainability through Social enterprising ( $p=0.926$ ) are an insignificant relationship with NGO sustainability because its value of p is higher than the alpha value, i.e. 0.05. Similarly, the profit-making company can fund social activities of an NGO under its 'Corporate Social Responsibility' (CSR) call. Sub-section (1) of Section 166 of The Companies Act, 2063 (2006) defines: "Notwithstanding anything contained elsewhere in this Act, any company may be incorporated to develop and promote any profession or occupation or to protect the collective rights and interests of the persons engaged in any specific profession or occupation or to carry on any enterprise for the attainment of any scientific, academic, social, benevolent or public utility or welfare objective on the condition of not distributing dividends."

The company can be operated any profit-making venture and enjoyed the tax exemption status by acquiring affiliation with Social Welfare Council (SWC). The Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068, categorizes Non-Government Organizations as "organizations entitled to enjoy exemption". Clause (f) of Sub-section 1 of Section 26, Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068 (2011) categories 'organization entitled to enjoy exemption' as, "a social, religious, educational or benevolent organization of public nature established with non-profit motive".

## **5.2 Conclusion**

The overall results on correlations are positive between NGO sustainability and its

independent's variables; i.e. partnership with GOs/INGOs, community engagement, governance (focus on leadership) and social enterprising. In other words, the variables used in the study that have positively correlated that have a significant contribution to the NGO sustainability in the Nepalese context. The findings suggest that to improve organizational sustainability, NGOs can broaden their scope of sustainability factors to include human resource management especially leadership, funding, program development, general management and material resources. The above factors, although not mutually exclusive, were perceived to affect NGOs' sustainability in the study area. But more importantly, it can be concluded that supportive leadership and community engagement were the two most essential ingredients and determinants of NGOs' sustainability in the study area.

On human resource capacity, it can be concluded that managerial leadership, technical competence, and staff motivation are three most critical factors that can influence the survival of local NGOs. The study suggests that local NGOs can achieve this through advertisement, peer recruitment, and regular on-the-job training especially in leadership, project and prudent financial management and lobbying. Particular to funding, the study reveals that it is becoming increasingly difficult for local NGOs to attract funding, especially, from foreign sources to support their programs. Accordingly, the study suggests that local NGOs in a similar context to those studied can improve their funding situation by spreading their network to include domestic (local) sources. Vigorous lobbying from the board of directors, management, friends, and philanthropists, with good project proposals, and the provision of for-fee consultancy services represent some of the measures which local NGO can adopt to improve their ability to raise and mobilize local resources. Based on the findings, it can also be concluded that the survival of the NGOs in a similar context as those studied can be improved if they are able to develop and implement need-based and demand-driven programs, supported by good leadership, transparency, accountability, and commitment to meet felt and expressed needs of beneficiaries. Further, the study highlighted the need for management capacity that promotes learning organization principles (e.g. shared vision, teamwork), and the provision of quality material resources for organizational efficiency and effectiveness.

With respect to the research question, the findings of the study show that partnership between the government/INGOs and NGOs is by clear goals and objectives, committed shared leadership and participatory decision-making process. Similarly, the local government bodies, INGOs/donors, and NGOs seem to be quite satisfied with the achievement and their expectation. However, with respect to the exchange of information, the views of the government and NGOs seem to contradict. Similarly, it seems that the local government does not trust local NGOs and their activities. Thus, local NGOs perceive that they are not being treated as partner by the local government. The findings show that some of the values and principles of partnership exist in the existing collaboration between the government and NGOs. However, some other elements including recognition of another party as a partner, a core aspect of the partnership, are not found at a satisfactory level. Contradictory views are found between the government and NGOs regarding the involvement of NGOs in those developmental activities that are not satisfied by the government, the efforts of the government and NGOs are coordinated and connected to each other and both the government and NGOs are not oriented to influence each other's activities. This situation shows the existence of a collaborative relationship between the government and NGOs.

Similarly, regarding the policy framework, the findings show that the NGOs do not accept that they are involved in the formulation of policies. Though in their view existing policy framework is appropriate to facilitate partnership, the existing policy framework is not implemented properly due to the mistrust between the government and the NGOs, monitoring of implemented laws are hardly made, and feedback mechanisms are very weak. This situation shows that despite the appropriateness of policy framework, the poor implementation and monitoring systems have hampered the meaningful collaboration between the government and NGOs.

With respect to the community, engagement findings show the strategies adopted by the NGOs are orientated towards the community itself, facilitating and maintaining the relationship between community members and meetings of the community are organized to identify and prioritize the programs. They identify existing local condition; search for alternative means for effective community participation, educate community to understand their problems: motivate community residents to mobilize community resources provided opportunities to community members to share information and to

increase mutual trust among them: provide opportunity to community members to articulate their diverse interests and focus on the needs of the vulnerable groups of the community. However, the formation of committees in the communities; identification, prioritization, selection, implementation and evaluation of the programs in the communities are largely influenced by the local politics. But most of the respondents expressed that after the election of local government; NGOs would be more accountable, responsible and can have opportunities to participate in local policy formation process that ensures NGO sustainability.

On the basis of above discussion, it can be concluded that the existing programs being adopted by the local government bodies and NGOs seem to support community participation. However, to what extent their efforts support community participation is determined by the strength of positive or negative influence of local politics. For instance, an empirical study conducted by Asaduzzaman (2008) in Bangladesh shows that political reluctance and bureaucratic resistance are the major threats to the discourse of people's participation in Bangladesh. The study also revealed that excessive political intervention and partisanship have made the local public institutions dysfunctional and unable to promote community engagement and provide benefits of decentralization to the people at grassroots level. Similarly, findings of the study illustrate that both the local government bodies and local NGOs give emphasis on enhancing the leadership capacity of the community organizations through training and workshops; support a full and open discussions: assist community organizations to make their plan and to take effective action; are oriented towards developing leadership skills of the community organizations; collaboration with vulnerable groups in the community and empowering community organizations. On the basis of these facts, it can be concluded that the existing efforts of the local government and NGOs seem to support leadership building at the local level in the study area. More exactly, the existing programs adopted by the NGOs seem to be supportive in accelerating the community development at the local level in the study area. Therefore, from the social capital perspective, the existing programs adopted by the NGOs are found to support the enhancement of social capital in the community in the study area.

The conclusion of social enterprising for NGO sustainability and the prospect of NGO or Non-profit companies establishing and/or investing in for-profit companies to ensure

sustainability of its activities is 'by law' mutually exclusive. The existing legal provisions nullify any direct correlation between NGO and profit making company. However, the profit-making company can fund social activities of an NGO under its 'Corporate Social Responsibility' (CSR) call. This will enable the company to operate any profit-making venture and still enjoy the tax exemption status by acquiring affiliation with Social Welfare Council (SWC).

To sum up, despite some of the positive signs that is the existence of the core elements of partnership in the existing partnership between the government/INGOs and NGOs, supportive nature of relationship to facilitate collaboration and appropriateness of policy framework, the researcher come to the conclusion that due to the mistrust between the government and NGOs, lack of mutual respect, poor implementation and weak monitoring and feedback mechanism, the existing collaboration between the government and NGOs do not seem to achieve desirable results as expected. From the perspective of social capital, the existing partnership between the government/INGOs and NGOs does not seem to contribute in building social capital in the community as expected but it is very significant for the NGO sustainability.

### **5.3 Suggestions/Recommendation**

Given the background, the objective of the study was to provide an understanding of the key factors that can influence the sustainability of NGOs based on a Nepalese context. The intent is to provide suggestions for improving the sustainability of NGOs.

Sharing of information between the local government and NGOs and committed leadership should be promoted to enhance the effectiveness of existing partnership between the government and NGOs for the NGO sustainability. Similarly, to make the existing partnership more effective and to facilitate community development program effectively, existing mistrust, misunderstanding and crisis of mutual respect between the government and NGOs should be avoided. In this regard, NGOs should be conscious, building leadership development and take initiatives to build trust with the government. Similarly, the contributions of NGOs in the community should be acknowledged that helps to build community engagement and enhance capacity development, of the NGOs for the sustainability.

In the same way concerned stakeholders especially NGOs should be involved in the process of formulation of the policy: existing policies and laws especially the provisions of LSGA-1999, LSGA 2000 and Social Welfare Act-1992 should be implemented properly and monitoring, feedback mechanisms and follow up processes should be adopted properly to enhance the meaningful collaboration between the local government and NGOs to achieve desired results that enhance NGO sustainability. The negative influences of local politics and elites of the community in the identification, prioritization, selection, implementation, and evaluation of the programs in the community should be avoided or managed properly to maintain good governance that enhances the NGO sustainability.

The local government bodies seemed to be overcrowded by the people for receiving public services. Thus, existing government mechanisms and resources at the local level and their efforts are not sufficient for community development programs with a partnership with NGOs. So alternative mechanisms and additional efforts should be adopted from the part of the government. Effective programs, as well as transparent and dedicated efforts of NGOs, are the basic considerations that should be taken into consideration for the NGO sustainability. Similarly, the prospect of non-profit companies establishing and/or investing in for-profit companies to ensure sustainability of its activities is 'by law' mutually exclusive. The existing legal provisions nullify any direct correlation between NGO and profit making company. Based on the legal provision under 'The Companies Act, 2063 (2006)', it is recommended that the proposed enterprise be registered under Sub-section (1) of Section 166 of the above-mentioned act as "Company Not Distribution Profits" as it benefits the objective of NGOs. The act has guaranteed company not distributing profits to receive membership fees from its members and receive any donations and gifts. This will enable the company to operate any profit-making venture and still enjoy the tax exemption status by acquiring affiliation with Social Welfare Council (SWC). The Income Tax Act, 2058 (2002)- Amended by Financial Act, 2068, categorizes Non-Government Organizations as "organizations entitled to enjoy exemption". Clause (f) of Sub-section 1 of Section 26, Income Tax Act, 2058 (2002) - Amended by Financial Act, 2068 (2011) categories 'organization entitled to enjoy exemption' as, "a social, religious, educational or benevolent organization of public nature established with non-profit motive".



#### **5.4 Practical implications and Scope of Further Research**

The case study suggests that NGOs can adopt several measures to ensure their sustainability. These include the writing of good needs-based and demand-driven project proposals, ensuring transparency and accountability, leadership training and lobbying for resources including funds from social enterprising, especially, from local source mobilization.

This section highlights the implications of the study and new avenues for new and future research in this area. From the theoretical perspective, the study offers various new insights since the practice of modern NGOs, assessing their contribution to the community, a partnership with the government, governance especially leadership building, community engagement and social enterprising are newly introduced and practised phenomenon in the context of Nepal. The study has brought various literature, past empirical studies and views of the local government bodies and NGOs together which may open a new space for new debate and discussion in this area.

The study has also identified new paths and new issues such as mistrust and misunderstanding between the local government and NGOs, poor implementation of existing policy framework, local political influence in the community programs, changing roles and sustainability aspect of NGOs in emerging political scenario & federalism, socially enterprising and so on that can be investigated in the future. Such studies will help for better understanding the contribution of the efforts and sustainability of NGOs in Nepalese context.

Similarly, the study has provided new insights to conduct a similar type of studies across the country covering wider areas and more NGOs sampling. Since the study was confined to the local government bodies and NGOs, the findings of the study can be verified on the basis of the perceptions of the community engagement by adopting community approach for better understanding the contribution of the efforts of the government and NGOs in community sustainable development at grassroots level over the long period.

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## APPENDICES

### Appendix-1 QUESTIONNAIRE

(All respondent from NGOs management team (executive committee and staffs), beneficiaries and NGO practitioners including Governmental representatives)

Dear Respondents,

This questionnaire has been prepared to collect information for the research work entitled "**NGO Sustainability in Nepal**" in partial fulfillment of the requirement for Master of Philosophy (M. Phil.) in Public Administration at the central Department of Public Administration, Tribhuwan University. The researcher hopes that taking part in this survey provides you an opportunity to share your views on the concerned topics as well as will help to add a scholarly body of knowledge in the field of NGO sustainability in Nepal. Thus you are requested to provide authentic and reliable information to ensure validity of the study. Your information will be a valuable contribution to accomplish the research work. The researcher guarantees that the information you provide will be kept confidential and will not be used for any other purpose. So please feel free to share your views.

Prakash Prasad Pokharel

M. Phil Scholar

Central Department of Public Administration

Name of the interviewer (Optional):.....	Code #.....
Designation: .....	Date: .....
Organization: .....	

### PART-A: NGO SUSTAINABILITY

**Question-A-1:** What Factors influencing organizational sustainability, please rank the following causes/factors from **1 to 5** on the basis of their priority.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Causes or factors of Organizational Sustainability	Rank
A-1.1	Clear and well arrangement of Vision, Mission, Goal, and Objectives	

	(VMGO) of the NGO	
A-1.2	Funding	
A-1.3	Programs Development and Management	
A-1.4	Local Resource Mobilization	
A-1.5	Long-term strategic planning	
A-1.6	Additional comments/suggestions (if any) .....	

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-A-2:** What extent can you agree that the human resource management (such as executive & subcommittees, fundraising department, competent employee, recruitment & HRD policies, etc.) have an important factor for the sustainability of the NGO.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-A-3:** Please circle the one suitable option (from 1 to 5) for each of the following statements as you feel appropriate. Note that each statement reflects management factors influencing NGO sustainability exist in your context.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Management factors influencing NGO sustainability	Rank				
		1	2	3	4	5
A-3.1	NGO has clear VMGO including strategic Plan	1	2	3	4	5
A-3.2	Good practice of governance (accountability and transparency)	1	2	3	4	5
A-3.3	Mention clear responsibilities to entire human resources (HR) and enhance motivation of personnel	1	2	3	4	5

A-3.4	Management have good capacity to oversee fundraising	1	2	3	4	5
A-3.5	Maintain good linkages and coordination with donors/INGO and GOs	1	2	3	4	5
A-3.6	Practice to conduct feasibility study and baseline survey before initiating the projects	1	2	3	4	5
A-3.7	Organizational culture that blends (mixed together) commercial values with philanthropic	1	2	3	4	5
A-3.8	Additional comments/suggestions (if any) .....	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-A-4:** What types of problems are being faced for NGOs Sustainability in Nepal. Please rank the following factors (in priority order from 1 to 5) that are hindering sustainability of NGO.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Factors	Rank
A-4.1	Legal constraints/ Laws and regulations	
A-4.2	Lack of NGOs Capabilities and Specialization	
A-4.3	Lack of government support on strengthening to NGO for their sustainability	
A-4.4	Political essence while establishing the NGO	
A-4.5	Lack of good governance instruments (constitutions, policies, guidelines etc.)	
A-4.6	Additional comments/suggestions (if any) .....	

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

## PART-B: PARTNERSHIP (LINKAGES)

**Question-B-5:** Why is a collaboration (collaboration with government bodies and I/NGO) for sustainability of NGO to community development is necessary? Please rank the following causes/factors from **1 to 5** on the basis of their priority.



(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)

S.N.	Causes or factors	Rank
B-5.1	to strengthen the NGO capacity	
B-5.2	to fulfil the resource deficiency	
B-5.3	to promote own presence/image in the community	
B-5.4	to scale up developmental activities in the community	
B-5.6	to obtain best practice, gain expertise and knowledge from the partners	
B-5.7	to cover operating expenses of the NGO	
B-5.8	Additional comments/suggestions (if any) .....	

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-B-6:** What do you think that following elements are found in the current partnership between local government bodies and INGOs (Donors) for NGO sustainability to enhance community developmental activities? Please rate the following statements (from 1 to 5) as you think appropriate. Please circle the rank number.

(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)

S.N.	Causes or factors	Rank				
		1	2	3	4	5
B-6.1	Clearly expressed goals and objectives	1	2	3	4	5
B-6.2	Committed shared leadership	1	2	3	4	5
B-6.3	Participatory decision making	1	2	3	4	5
B-6.4	Two way exchange of information	1	2	3	4	5
B-6.5	Clear allocation of cost and benefits	1	2	3	4	5
B-6.6	Recognition of other as partners	1	2	3	4	5
B-6.7	Harmonized goal and objectives	1	2	3	4	5
B-6.8	Additional comments/suggestions (if any) ...	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-B-7:** Please circle the one suitable option (from 5 to 1) for each of the following statements as you feel appropriate. Note that each statement reflects the possible nature of relationship/linkages between NGOs and the local government agencies cum INGO (Donors) exist in your context.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Nature of Linkages between NGOs and government bodies cum INGOs (donors) for NGO sustainability to enhance community developmental activities	Rank				
		1	2	3	4	5
B-7.1	NGOs are involved in fulfilling the demands of the community that are left by the government	1	2	3	4	5
B-7.2	The government cum INGOs perform interrelated roles (INGOs/Donors are involved as an alternative source so their activities are connected and coordinated)	1	2	3	4	5
B-7.3	The government and INGOs both tend to influences and check to each others' activities	1	2	3	4	5
B-7.4	Government and INGOs focus and require of partnership with NGOs to support of developmental activities	1	2	3	4	5
B-7.5	Additional comments/suggestions (if any) .....	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-B-8:** What types of problems are beings faced by the NGOs collaborations with INGOS and government. Please rank the following factors (in priority order from 1 to 5) that are hindering the meaningful collaboration between the government/INGOs and NGOs in NGO sustainability.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Factors	Rank
B-8.1	Legal constraints/ Laws and regulations	
B-8.2	Complicated and unnecessary formalities	
B-8.3	Lack of awareness at the community level	
B-8.4	Mutual mistrust and misunderstanding	
B-8.5	Local level policies	

B-8.6	Lack of competent capacity (development of proposal, Leadership, absence of good governance practices etc.) of the NGOs	
B-8.7	Additional comments/suggestions (if any) .....	

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

Please rate the following statements (from 1 to 5) in regards to the legal provisions and policies to facilitate the collaboration/ linkages between NGOs and Government/INGOs/Donors in NGOs sustainability to supplement developmental activities.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

**Question-B-9:** Concern Stakeholders are involved in the process of formulation of laws and policies.

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-B-10:** The existing laws including policies adopted in Nepal are appropriate to support local bodies/INGOs collaboration for NGO sustainability.

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.

**Question-B-11:** The existing legal provisions are implemented properly to promote partnership/linkages between NGOs and government/INGOs.

If you disagree, what are the reasons? Please specify.

- a.
- b.
- c.

1.....2.....3.....4.....5

**Question-B-12:** Feedback and follow-up mechanism are properly adopted for ensuring the implementation of existing laws.

1.....2.....3.....4.....5

If you disagree, what are the reasons? Please specify.

- a.
- b.

**Question-B-13:** What extent can you agree that the partnership with the government or/and INGOs (Donors) be supported as an important factor for the sustainability of the NGO.

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**PART-C: COMMUNITY ENGAGEMENT/ PARTICIPATION**

Please rate the following statements (from 1 to 5) in regards to the relationship of collaboration/ linkages between NGOs and Government/INGOs/Donors for the NGOs sustainability.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

**Question-C-14:** What extent can you agree that the community engagement/participation have an important factor in the sustainability of the NGO.

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-C-15:** Please rate the best one scale (1 to 5) as you think appropriate that reflect participation/engagement strategies employed in your community.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Elements Efforts to community Participation are oriented towards:	Rank				
		1	2	3	4	5

C-15.1	Initiatives of the community itself	1	2	3	4	5
C-15.2	Involving people in the government directed programs	1	2	3	4	5
C-15.3	Maintaining relationship between community members	1	2	3	4	5
C-15.4	NGOs give respect community for their involvement in decision making	1	2	3	4	5
C-15.5	Additional comments/suggestions (if any) ....	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.

**Question-C-16:** Are your institutions directed to follow/adopt the following components in the process of community participation/engagement? Please rate your level of agreement and disagreement from (1 to 5) with each statement.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Statements	Rank				
		1	2	3	4	5
C-16.1	We/my institution determine(s) objectives of the participation	1	2	3	4	5
C-16.2	We identify local condition and needs of the community	1	2	3	4	5
C-16.3	we search for different alternatives to participation	1	2	3	4	5
C-16.4	we educate community residents to understand problems and find their solutions (using baseline, midline, and end line survey)	1	2	3	4	5
C-16.5	We influence and involve community members to mobilize community resources for carrying out services.	1	2	3	4	5
C-16.6	Additional comments/suggestions (if any)	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-C-17:** Following are the possible components or elements that are adopted and emphasized while adopting and implementing community engagement/participation initiatives in a particular community. Please rate the best option, on the basis of your level of agreement or disagreement that reflects the current practice adopted by you/your institution in your community.

(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)

S.N.	Components/Elements	Rank				
		1	2	3	4	5
C-17.1	Participation emphasizes the role of community members	1	2	3	4	5
C-17.2	Through participation, community members articulate their diverse interest/voices in managing community affairs	1	2	3	4	5
C-17.3	Emphasis is given to the needs of vulnerable communities and diverse community groups	1	2	3	4	5
C-17.4	Participation of various stakeholders is voluntary	1	2	3	4	5
C-17.5	Participation provides residents with opportunities to exchanges information and increase their trust and confidence	1	2	3	4	5
C-17.6	Additional comments/suggestions (if any) ...	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-C-18:** How do you/your institution's manage conflict and interests of the diverse community interest groups in the process of community participation? Following statements reflect some of the strategies to manage diverse community interests. Please rank the following factors on a priority basis from 1 to 5.

(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)

S.N.	Statements	Rank
C-18.1	By developing mutual understanding trust and building consensus	
C-18.2	By organizing gatherings to discuss the issues	
C-18.3	By identifying preferred alternatives	
C-18.4	By discovering hidden interest in the conflict	
C-18.5	By supporting conflict by established rules and regulations	

C-18.6	Additional comments/suggestions (if any).....	
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If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**PART-D: GOVERNANCE/LEADERSHIP BUILDING**

Please rate the following statements (from 1 to 5) in regards to contributing the NGOs sustainability by the governance/Leadership building.

*(Note: 1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, and 5= strongly agree)*

**Question-D-19:** What extent can you agree that the governance/leadership building has an important factor that to is contributed to the sustainability of the NGO.

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-D-20:** Please circle the suitable option from (1 to 5) for each of the following statement as you feel appropriate. Each statement indicates the possible activities emphasized by you or your institutions in the process of NGO sustainability.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Possible activities emphasized in the process of NGO sustainability	Rank				
		1	2	3	4	5
D-20.1	We/my institution assists community organization through training, workshop and coaching	1	2	3	4	5
D-20.2	we facilitate full and open discussion among the representative of the community organizations	1	2	3	4	5
D-20.3	we assist the leaders of community organizations to develop skills by forming networking in the community	1	2	3	4	5

D-20.4	We assist community organization to make plan and take effective action of their community efforts	1	2	3	4	5
D-20.5	we are oriented towards collaboration with historically excluded groups in the community	1	2	3	4	5
D-20.6	Our efforts to community activities are directed towards empowering community members	1	2	3	4	5
D-20.7	we/my institutions has given priority to setting vision, mission, goal, and objectives along with long-term strategies	1	2	3	4	5
D-20.8	Our organization has given priority to fulfil the government as well as institutions compliances	1	2	3	4	5
D-20.9	Additional comments/suggestions (if any).....	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-D-21:** What do you think are constraints and challenges that are adversely affecting the meaningful community participation and leadership development in your community? Please rank the following factors on the basis of priority (from 1 to 5)

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Unfavorable Factors	Rank
D-21.1	Lack of effective government policy framework	
D-21.2	Lack of awareness in the community	
D-21.3	Lack of sense of volunteerism in the community	
D-21.4	Ethnic and regional discrimination in the community	
D-21.5	Negative effect of local politics	
D-21.6	Lack of succession plan	
D-21.7	Additional comments/suggestions (if any) .....	

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.



**PART-E : SOCIAL ENTERPRISING (DEVELOPING SUSTAINING ENTERPRISE)**

Please rate the following statements (from 1 to 5) in regards to contributing the NGOs sustainability by the operation of the social enterprise.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

**Question-E-22:** Please circle the suitable option from (1 to 5) for each of the following statement as you feel appropriate. What extent can you agree that the income from the sustaining enterprise can contribute to sustaining the NGO?

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

1.....2.....3.....4.....5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-E-23:** Please circle the suitable option from (1 to 5) for each of the following statement as you feel appropriate. Each statement indicates the possible activities require developing the social enterprise (as a sustaining enterprise) to cover the operating expenses of the NGO for their sustainability.

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

S.N.	Possible reason to develop social enterprise for the NGO sustainability	Rank				
		1	2	3	4	5
E-23.1	To cover the operating expenses of the NGOs	1	2	3	4	5
E-23.2	To establishment of the core sustainability fund	1	2	3	4	5
E-23.3	To utilized income of the social enterprise to community development interventions	1	2	3	4	5
E-23.4	To become self dependent	1	2	3	4	5
E-23.5	To aware community self-dependent as a developing the entrepreneurship capacity	1	2	3	4	5
E-23.6	Additional comments/suggestions (if any) ...	1	2	3	4	5

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Question-E-24:** What do you think are constraints and challenges that are adversely affecting the social enterprising (develop as a sustaining enterprise) for the sustainability of the NGOs? Please rank the following factors on the basis of priority (from 1 to 5)

*(Note: 1=Strongly disagree, 2=Disagree 3=Undecided, 4=Agree, and 5= strongly agree)*

<i>S.N.</i>	<i>Unfavorable Factors</i>	<i>Rank</i>
E-24.1	Lack of effective government policy framework	
E-24.2	Lack of awareness of legal provision developed by SWC	
E-24.3	Lack of entrepreneurship skill	
E-24.4	Lack of opportunities and resources constraints	
E-24.5	Lack of basic idea of sustainability through social enterprising	
E-24.6	Misuse and mismanagement of income from social enterprise	
E-24.7	Additional comments/suggestions (if any) .....	

If you strongly disagree, what are the reasons? Please specify.

- a.
- b.
- c.

**Thank you for your valuable time and cooperation!**

**Appendix-2**  
**Semi-Structured interview**  
**(Guideline for Government Officials, I/NGO (Donor) representatives, and NGO practitioners)**

Name of the interviewer (Optional):	
Designation:	Date:

**Interview Terms**

- Purpose of the research interview
- Confidentiality (via. Purposive with systematic random sampling)
- Duration of the interview: approx. 30 Minutes

Q-1: In your opinion, what factors can be affected the NGO sustainability in Nepalese context?

Q-2: What are the positive and negative aspects of existing legal framework and government policies for the collaboration with NGOs in community development activities for NGO sustainability?

Q-3: To what extent do Nepalese NGOs have capacity/ability to facilitate trust building, resources sharing and collective action in the community?

Q-4: What are the positive and negative aspects of government, INGO (Donors) and NGOs collaboration in addressing rights and priorities of diverse community groups?

Q-5: Who identifies priorities and select the programs of the community to be adopted in your community?

Q-6: Who make(s) the selection of the members to participate in the community programs?

Q-7: Who assigns the programs to the community and evaluates the results of the implemented programs?

Q-8: What changes have you perceived in empowering the community and building community leadership due to the involvement of NGOs?

- Q-9: In your opinion and experiences, what are the major strengths and weakness of Nepalese NGOs as a partner in community activity?
- Q-10: How community members/target stakeholders involved in the community participation programs?
- Q-11: In your experience, to what extent, do NGOs have ability and willingness to work with government at the local level?
- Q-12: What lesson have you learned about the NGO sustainability?
- Q-13: In your opinion and experiences, how you realize the emerging role of NGO in federalism?
- Q-14: Do you feel that upcoming local election will support NGO sustainability? What extends NGOs can have got opportunities to participate in the process of local level law formation?

End of interview

## Appendix-III

### Semi-Structured Interviews

(Guideline for NGOs with Leaders, Management, and Beneficiaries)

Name of the interviewer (Optional):	
Designation:	Date:

#### Interview Terms

- Purpose of the research interview
- Confidentiality (via. Purposive with systematic random sampling)
- Duration of the interview: approx. 30 Minutes

Q-1: Who make(s) the selection of the members to participate in the community programs?

Q-2: Do you have the practice to conduct feasibility and baseline study before initiating the projects?

Q-3: Do existing legal frameworks and government policies support the collaboration with government in the community development activities which ensure NGO sustainability?

Q-4: Who identifies priorities and selects the program of the community to be adopted in your community?

Q-5: Who are your main partners/donors and in which project do you/your institution work with them?

Q-6: Who assigns the program to the community and evaluates the results of the implemented programs?

Q-7: Do you get feedback from the government? How often government does the monitoring of the programs?

Q-8: How successful do you think has the practice of NGOs' collaboration with government been in bringing positive changes in the community?

Q-9: To what extent, can current program and practice address the problems of the community?

Q-10: In your opinion and experience, what are the major positive initiatives and a major weakness of government bodies in the community development and NGO sustainability initiatives?

Q-11: To what extent do government bodies have a clear vision, mission, collaborative leadership, environment and mechanism to facilitate community activity to bring positive change in the community?

Q-12: Do existing legal frameworks and government policies support the development of social enterprising for the sustainability of the NGOs?

Q-13: How do you feel about the ability and willingness of government bodies to work with NGOs at the local level?

Q-14: What lessons have you learned about NGO sustainability and community development interventions?

End of interview