

GOVERNANCE

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Heightened Scrutiny on Nepal's Non-Profit Sector

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The non-profit sector in Nepal, which has played a crucial role in the country's socio-economic development, is facing heightened scrutiny. On February 7, 2025, the Ministry of Home Affairs issued a circular directing all 77 Chief District Officers (CDOs) to monitor NGOs and INGOs operating in their respective districts. The circular mandates CDOs to examine the sources and utilization of NGO and INGO funds, assess their impact on economic, social, cultural, and environmental sectors, and evaluate their operational models. Similarly, the circular specifically calls to conduct analysis of USAID-funded projects and to submit a detailed impact report in collaboration with relevant bodies.

This is not the first instance of government oversight on development organizations. However, the current move comes at a time when the sector is already facing financial strain due to a funding freeze from a major donor. While concerns over financial transparency and operational integrity are valid, the increasing regulatory pressure raises questions about its implications for the sector's ability to function effectively. The development organizations have long been instrumental in Nepal's progress, supporting initiatives in several areas including education, health, human rights, economic development and inclusion. Many have also worked alongside the government, contributing to policy drafting and resource mobilization to achieve Sustainable Development Goals (SDGs) and national development plans. Their financial contributions are also substantial. The data from the Social Welfare Council (SWC) indicate that in the past nine years, NGOs have mobilized approximately NRs. 300 billion in different development projects. In the last year alone, project approvals amounted to NRs. 2.36 billion, underscoring their significant role in Nepal's economy.

That said, the sector is not without its shortcomings. There have been instances where projects have deviated from approved plans and timelines, foreign aid misallocated to non-priority areas, and government monitoring and auditing mechanisms remained weak. However, a blanket scrutiny approach risks stifling organizations that are genuinely contributing to development. Instead of adopting a control-oriented approach with multiple monitoring mechanisms, the government should strengthen existing mechanisms such as the Social Welfare Council, which is already tasked with overseeing NGO and INGOs operations. By enhancing the capacity of the SWC, the government could create a more effective and streamlined system for monitoring and ensuring transparency. The policies should foster collaboration among all stakeholders and ensure that regulatory measures facilitate, rather than hinder, the development sector's ability to contribute effectively.

Read more: [Kantipur](#)

Governance Issues of the Week

- 1. Failing to pay bail keeps a man in custody for 8 months:** Nepal's legal system allows bail as an alternative to detention, but this still is disproportionately impacting the economically disadvantaged. Many remain imprisoned for minor offenses solely due to their inability to pay even nominal bail amounts. For instance, 35-year-old Santosh Pandey from Rautahat has been jailed for eight months after failing to pay Rs. 30,000 for a theft charge, whose absence has also severely impacted the livelihood of his family.

Read More: [Kantipur](#)
- 2. Government directs budget cut amid financial strain:** The Ministry of Finance has directed all ministries, commissions, and offices to withhold 25% of their remaining budget under both recurrent and capital expenditures. The decision comes amid financial pressure on the federal reserve fund following last year's natural disasters. As of February 13, revenue collection stands at NRs. 654.52 billion, while expenditure has reached NPR 749.60 billion, resulting in a NRs. 95 billion deficit. Revenue collection remains only 44.93% of the annual target.

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- 3. Health Ministry to provide free noncommunicable disease tests:** The Ministry of Health and Population has started to provide free tests for noncommunicable diseases for a month. The service that began on the 13th of February will continue till the 13th of March, where people above the age of 30 will be provided free tests for hypertension, diabetes, screening and kidney-related issues along with measurements of body weight and height. The services for them will be available in local level health institutions.

Read More: [Republica](#)
- 4. Detailed assessment of Jajarkot earthquake to begin:** After nearly 15 months of the Jajarkot earthquake, a detailed survey to assess the full extent of damage and destruction has finally started. The NDRRMA has partnered with the Centre for Disaster Management Studies and Tribhuvan University's Institute of Engineering for the survey. Around 400 technicians, along with local unit personnel and 19 NDRRMA engineers, will assess the affected districts over the next month to determine the full extent of the destruction.

Read More: [The Kathmandu Post](#)
- 5. Unauthorized hospitals flagged in Madhesh:** A recent inspection led by the Chief Minister in Madhesh Province uncovered 21 unauthorized private hospitals, some operating without permits and others failing to renew them. While some hospitals voluntarily shut down, others did not comply with regulations. Authorities have taken action on the hospitals, with one hospital owner has been arrested for failing to meet legal requirements.

Read More: [The Rising Nepal](#)
- 6. SC to review writ on Lalita Niwas Case:** The Supreme Court of Nepal is set to review a writ petition demanding an investigation into former Prime Ministers Madhav Kumar Nepal and Baburam Bhattarai over the Lalita Niwas land scam. Given its legal and national significance, the case has been forwarded to a full bench. Petitioners argue that while others were charged, Nepal and Bhattarai received immunity based on cabinet decisions, warranting further judicial review.

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