



Canadian International  
Development Agency

Agence canadienne de  
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**GDPRD Civil Society Organizations and Aid  
Effectiveness in Agriculture and Rural Development  
Applications Initiative**

**Good practices in  
NEPAL**

**BACKGROUND**

Agriculture is the largest and least developed sector of Nepal's economy. More than three quarters of Nepalese live in rural areas and agriculture accounts for 39% of the country's total GDP. According to the 1996 Nepal Living Standard Survey, urban poverty was estimated at 23%. Some 44 % of the rural population is living below the poverty line (World Bank, 1999). The early reforms to liberalize trade, investment and the foreign exchange regime did not touch the important agricultural sector in a significant way, and consequently had little impact on rural poverty (Tenth Plan, Poverty Reduction Strategy Paper, National Planning Commission, 2007).

In Nepal, aid is generally channelled from the central government to the local government and other line ministries and departments without proper consultation, which creates many gaps and problems in the aid effectiveness process. There is also a major lack of transparency and accountability in the work done. It is argued that much of the foreign aid has not achieved expected impacts. In fact, it is argued that foreign aid has not worked in Nepal. It is not because of weakness in implementation, but because the assumptions on which aid rested - that Nepal is ready for social, economic and political change, and that the government was able and willing to administer development - were flawed to begin with. The concerns over the effectiveness of aid (mainly among civil society and intellectuals) led to the drafting of a foreign aid policy by the government in July 2000.

Within the above context, this summary report is the outcome of both a national consultation held in Kathmandu, Nepal, and four district consultations with interviews as part of a global initiative to follow up on the 2005 Paris Declaration (PD) agenda. Over 35 representatives from CSOs, government officials and the donor community participated in the national consultation. From the donor community, FAO, CIDA, Oxfam, and Heifer International participated; representatives of the Ministries of Local Development, Finance, Forestry, and Agriculture and Cooperatives also took part, along with 18 different CSO representatives. Three case studies of good practice were put forward by CSOs on: a participatory approach around the adoption of various technologies and biodiversity; animal health training of CSO members; and prioritizing agendas, notably around environmental and agricultural policy.

**FINDINGS**

**Recognition and Voice**

The most common CSO activities in ARD at the district level were livelihood and skills development programs. Only a few CSOs are engaged as watchdogs to oversee the implementation of government policies and plans in the effective utilization of aid. Some of them implement such programs in partnership with their local organizations as well as government line agencies. CSOs claim to have made a strong contribution to ARD, but there is

no national-level recognition of this. Only about half of the CSOs interviewed in the districts during the consultation were recognized by their respective donors, communities, or local governments for their performance and effective results, or by external organizations and government agencies for their outcome results or achievements. Some of the ARD CSOs have been given certification for their contribution/performance by the concerned donors and respective government agencies, while other ARD CSOs have received media acclaim for their excellent contributions in the sector.

The growth of CSOs in Nepal has created a sense of competition with the governmental sector. Nepal has not been oriented to advocating for CSOs or speaking in their favour when it comes to promoting them on regional and international platforms. There is a lack of coordination among stakeholders. ARD CSOs think that Nepal's foreign aid policy is not clear in terms of aid criteria, role divisions and monitoring of foreign assistance.

### **Applying and Enriching the International Aid Effectiveness Agenda**

In Nepal, the CSOs generally are not aware of the principles contained in the PD or the consultation process and its follow-up. Even the Ministry concerned was not well aware of the PD. There is a general feeling that the PD is limited in terms of the stated purpose of aid effectiveness in that it does not, and cannot, by itself, tell us how to reduce poverty, improve democratic governance, or promote greater gender equality.

It was observed that CSOs do not own the aid-supported initiatives due to the centralized planning and implementation process and mechanism that is used. There is no process for identification of the priorities of poor and deprived communities and there are no guidelines to achieve these plans. The conditions of aid are not understood properly by the government or the CSOs. The government has not been able to take the lead in making sure the country receives what is best in order to make loans more effective. The donors usually lack commitment to accountability towards the people they intend to serve.

The Poverty Reduction Strategy Paper (PRSP) and the country-specific strategy papers talk about ownership but the actual experiences have been critical and bitter. The concern amongst ARD CSOs is that a PRSP in Nepal is a government-driven process with guidelines that have been given by donors; then it is monitored by the International Monetary Fund (IMF) and the World Bank, who grade the countries' performance. ARD CSOs feel that there is a lack of transparency and accountability by government and donors essential for effective implementation. Lack of harmonization and alignment of policies, procedures and programs among various donor agencies continues to mar effective aid delivery. Recipient countries, in turn, show little understanding of the key concepts of inclusiveness, popular participation and good governance.

### **Improved Understanding of Good Practice**

**CSOs and their primary constituents:** Most of the CSOs working in ARD have vibrant and close relationships with their constituents. Their relationship is primarily based on community participation in planning and implementation processes. Some of the ARD CSOs working from a rights-based approach are educating their constituents to initiate the process of advocating for policy reforms. Leading CSOs in Nepal have been practicing group models as a self-help approach for poverty alleviation by forming groups of poor women, farmers, youth and children.

**Relationships between and among CSOs at the country level and beyond:** Some of the ARD organizations have working relationships with similar organizations within Nepal. These

organizations share skills and technology in joint programs either implemented by the donor or implemented jointly with the government. Politicization in the development sector and among CSOs has hindered the growth environment of healthy competition, leading to bitter relationships among CSOs. Most of the CSOs are only working in collaboration with organizations which have similar political ideologies.

Relationships between Northern and Southern CSOs: There is a lack of strong relationships between Northern and Nepalese CSOs; most are functional relationships based on technical support. Most CSOs from north and south do meet and discuss sectoral programs and share knowledge and issues during conferences and international meetings.

Relationships between CSOs and the Nepalese government: The relationship between the government and CSOs in the 1990s was extremely negative but has since improved. The government now recognizes the value of CSOs and trust has been rebuilt. Within the Ministry of Agriculture and Cooperatives, there is an ARD group that meets every six months to review projects and discuss future plans. This group has been able to reflect the Ministry's work to donors. However, it needs further strengthening to make the aid really effective by improving the governance of the recipient country. There is no mechanism for CSOs to access information and pressure the government for answers. Similarly, planning processes are not uniform and there are variations in the planning of programs and projects at each level of government which generates constant conflict between government and CSOs.

Relationships between donors and CSOs: A lot of the CSOs are disturbed by what they feel is donor interference in planning and management. Mistrust is growing between them, and each is threatened by the other's roles. Most CSOs suggested that donors be responsive and responsible to support people-centered development. ARD CSOs understand that the donors have their own financial channels to which they have to justify their needs and reasons for investment. However, in order to be genuine and accountable to the recipient country, CSOs think that donors have to keep all the key stakeholders informed and involved in the planning and management processes to improve aid effectiveness. Donors suggested that joint monitoring of the project activities involving CSOs, government and donors should be encouraged.

## **EMERGING GOOD PRACTICES**

Self-help group approaches have been the most successful of all good practices in Nepalese aid. Generally, ARD CSOs mobilize communities of common interest into smaller functional peer groups. These groups make the decisions for planning and implementation of local-level activities. Bringing community beneficiaries to the centre of decision-making has helped in sustaining the process. Working in partnership with government agencies has also been successful. These approaches are applied in almost all donor-funded initiatives as demonstrated by successes in forestry, water and micro-credit.

For instance, among ARD CSOs, a common practice is to collaborate with government line agencies such as the District Agriculture Office (DAgO) and the District Forestry Office (DFO) to provide support services in training and technical enhancement. CSOs such as Small Irrigation Market Initiative Kaski (SIMI-Kaski) and CEAPRED apply business development services approaches to develop high-value agriculture and promote micro-irrigation to raise farmers' income. Other CSOs such as Rural Reconstruction Nepal (RRN) and the Federation of Community Forestry Users' Nepal (FECOFUN) integrate a rights-based approach for pro-poor development into all areas of their work. In fact, the example of FECOFUN has been globally

acclaimed and replicated in many countries. This group and its working committee are the institutions which today form the basis of the community forest management system in Nepal.

### **Recommendations for Advancing the Aid Effectiveness Agenda**

- Constituents should be vigilant about the utilization of resources and they should collectively raise their voices for the right to development as a basic human right.
- As politically unbiased organizations, CSOs need to make governments more accountable.
- Donors should be transparent and take joint ownership.
- The government needs to develop an exit strategy and mechanisms to generate financial resources that will support the sustainability of projects in the long run.

### **Key messages**

Improved Governance: Greater access to classified government information relating to finances and policies is required as it contributes to an atmosphere of trust among government, donors and the CSOs. There is also a need to articulate priorities to make aid more effective, and there needs to be a true and meaningful partnership in which local cultures and customs are respected.

Empowerment: A poverty profile is necessary to contextualize the issues within a rights perspective and to identify the poor so they can alleviate poverty themselves. Poverty in Nepal is a deep-rooted and complex phenomenon. The government does not have any prioritized poverty alleviation agendas to empower CSOs and their constituents for improving aid effectiveness. Many donors work under a certain time frame to disburse the funds without any consideration for the quality of the outputs or the needs of the people. They often impose impractical conditions when framing the guidelines of the proposed projects. These constraints hinder the empowerment processes required for poverty alleviation.

Effective Relationships: In the absence of visionary leadership and commitment towards pro-poor development, Nepal needs development partners for assistance in building a longer-term development perspective. Without developing mutually accountable relationships between donors, government, CSOs and their constituents, major AE improvements will not be achieved. Relationships among all the stakeholders therefore should be firmly rooted in the principles of trust, understanding and mutual benefit. Clarity of roles among all the stakeholders is essential for addressing AE, and stakeholders should not be in competition. They should complement and supplement each other to ensure effective work and constant progress.

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[www.donorplatform.org](http://www.donorplatform.org)

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