

**DanidaHUGOU
Human Rights and Good Governance Programme**

PROJECT DOCUMENT

**Strengthening Institutional Good Governance within NGO
Federation and its Members**

**NGO Federation of Nepal
Kathmandu, Nepal**

August 2006

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Abbreviation

AIN	Association of International NGOs in Nepal
CBO	Community Based Organisation
COC	Code of Conduct
CPN (Maoists)	Communist Party of Nepal (Maoists)
Danida	Danish International Development Assistance
DFID	Department for International Development (UK)
EC	Executive Committee
FAS	Fund Accountability Statement
GCAP	Global Call on Action against Poverty
HUGOU	Human Rights and Good Governance Advisory Unit (Danida)
INGO	International Non-Governmental Organisation
MDGs	Millennium Development Goals
MP	Member of Parliament
NFN	NGO Federation of Nepal
NGO	Non-Governmental Organisation
Novib	Dutch Organisation for International Aid
NPR	Nepalese Rupee
OPR	Output to Purpose Review
OXFAM	Oxford Committee for Famine Relief
PSC	Project Steering Committee
SPA	Seven Party Alliance
ToT	Training of Trainers

EXECUTIVE SUMMARY

Country:	Nepal
Sector:	Human Rights and Good Governance
Title of Programme:	Human Rights and Good Governance Programme
Component:	Human Rights Organisations
Title of Project:	Strengthening Institutional Governance within NGO Federation and its Members
Cooperating Agency:	NGO Federation of Nepal
Location:	All 75 districts of Nepal
Duration:	1 September 2006 to 30 April 2008
Starting Date:	1 September 2006
Total Project Budget:	NPR 19,291,565

Until the political change of 1990, the establishment of NGOs as independent and autonomous entities was not possible. Capturing the opportunity offered by the 1990 Constitution, which guaranteed the freedom of assembly and association, among others, NGOs started to operate addressing diverse areas and issues of individual and community concerns. Amidst this, the NGO Federation of Nepal (NFN) was established, in 1991, as an umbrella organisation of the NGOs. NFN members comprise NGOs working on a wide range of issues, including human rights protection and promotion, environment conservation, pro-poor development, gender justice and community empowerment.

In a relatively short period of time, the NGO movement has been established as a powerful change agent in Nepal. As such NGOs have also been instrumental in institutionalising human rights protection and promotion mechanisms in the country. They have been at the forefront to tackle humanitarian urgencies. Their roles in judicious management of natural resources, reconstruction and rehabilitation, and poverty eradication have equally been significant. They have also played an important role in addressing the Maoist conflict by pressuring political parties and the Maoists to work together to find peaceful solutions to the problems brought to the surface by the conflict.

Following the SPA-Maoist 12-point understanding in November 2005, NFN continued working as a bridge between SPA and Maoists to ensure that the understanding did not falter and the Maoists did not deviate from their commitment to a peaceful movement. The movement succeeded to force the King to give up his absolute rule and pave the way for genuine democracy (*lokatantra*). Now, SPA and Maoists are working collectively towards an interim government through which to hold elections for a Constituent Assembly to write a new constitution. NFN is closely engaged in the monitoring of the whole process.

The country is passing through a critical point of time, one filled with both challenges and opportunities. The challenges center around the consequences of the 10-year-old Maoist armed conflict and King Gyanendra's design to impose an authoritarian regime. The nation has opportunities offered by two recent developments. First, the 12-point understanding has created a space for Maoists and political parties to work together for peaceful transformation of the Nepali society in a democratic framework. Second, the April 2006 people's movement forced the King

to give up the executive power he had usurped on 1 February 2005, and has resulted in the restoration of parliament. The restored parliament has already announced a number of steps, which could be crucial for the progressive transformation of the Nepali state and society.

In the changed situation, the NGO community is expected to take wider responsibilities. In addition to their general work, NGOs need to closely watch and monitor the conduct of both the Maoists and government in the conflict transformation process to ensure that they do not deviate from an agreed-upon code of conduct. They should involve themselves in post-conflict reconstruction initiatives to make sure that the initiatives are inclusive, transparent and responsive to the needs of the affected groups of people.

Since NFN has member organisations operating nationwide in a number of areas, including human rights protection, environment conservation, poverty alleviation and peace building, an institutional opportunity to be part of the nation’s democratisation process exists. In order to engage them effectively in this democratisation process, NFN members require assistance to orient themselves to the unfolding changes and to deal with emerging challenges.

For some time now, NGOs have come under criticism from various angles. The criticism centres around governance related issues, particularly around transparency, accountability and intra-organisational rule of law. While this criticism to some extent may have been the result of general cynicism, some of it is quite valid. NFN strongly feels that the NGO community should face the challenge by improving its governance score of the past. It is with this central thrust that this project has been designed. The rationale of the project rests on the fact that unless the NGO community is able to build and implement policies and systems necessary for promoting and institutionalising good governance within its operations, there will be little scope left for itself to be part of the broader social movement, let alone of the national democratisation process.

The development objective of the project is “Democratically functional civil society organisations engaged in human rights protection and promotion, social justice promotion and pro-poor development work in Nepal”. Similarly, the immediate objective is “To enhance institutional good governance practices within a strengthened NGO Federation and its member organisations nationwide”. The project has one output: NFN and its members effectively engaged in institutionalising good governance policies, procedures and systems within their organisational set-up and operations.

NFN’s strategic approaches involve (a) participatory and collaborative interventions in the delivery of services, (b) local capacity building for creation and protection of development space, people’s empowerment, dispute mitigation and human rights protection and promotion at the local level, and (c) respect for diversity and plurality as a source of synergy.

The sustainability of this initiative is ensured by the fact it contributes to the empowerment of local NGOs by enhancing their institutional governance and organisational management systems and skills. As local NGOs get empowered, local movements get strengthened. Locally rooted movements are sustainable in their own right, they adapt to local issues as they emerge and evolve, and mutate into new forms according to the current local expressions and expectations.

The initiative also helps NFN members to enhance their skills in networking, lobbying and advocacy. These skills, together with enhanced institutional good governance, contribute to their

‘good imaging’ in the community they work, as well as amongst their donor and stakeholder partners. Good imaging commands community trust and also helps generate financial resources both locally and externally. Further, NFN will develop a structured sustainability plan within the first year of the project’s operation putting in place measures and options necessary for the sustainability of the project outcomes, which, in turn, will contribute to NFN’s sustainability as a whole.

The fluid political situation in the country poses risks to the initiative, particularly the suspicions that the current ceasefire may break down and the country may return to armed conflict with rural areas and communities detached from the centre and district headquarters. The prevailing public perception that NGOs are not transparent and accountable may also pose some degree of risk, not least in areas of activities that appeal to public support and participation.

As a risk mitigation measure, NFN will work to direct civil society pressure on CPN (Maoists) and the ruling SPA to move towards a permanent ceasefire. As a minimum, they will be pressured to build consensus about refraining from violations of human rights, particularly the freedoms of movement, expression and association, and the right to development, in any situation whatsoever, and about allowing unhindered operations of civil society organisations throughout the country.

To improve the public perception about NGOs, NFN and its members will increasingly implement institutional good governance principles in their intra-organisational structures and operations and publicly disclose how good governance values have been institutionalised, such as through social audit and other disclosure measures.

Logical Framework

Strengthening Institutional Good Governance within NGO Federation and its Members

1 September 2006 – 30 April 2008

Narrative summary	Objectively Verifiable Indicators	Means of Verification
Development Objective		
Democratically functional civil society organisations engaged in human rights protection and promotion, social justice promotion and pro-poor development work in Nepal	<ul style="list-style-type: none"> • Democratic values and good governance principles institutionalised within civil society organisations and their work 	<ul style="list-style-type: none"> • Evaluation report • Project completion report
Immediate Objective		
To enhance institutional good governance practices within a strengthened NGO Federation and its member organisations nationwide	<ul style="list-style-type: none"> • Increased adherence to good governance values and principles within the institutional set-up and functioning of NFN and its members • Enhanced institutional capacity of NFN and its members to promote human rights protection and promotion, social justice promotion and pro-poor development work 	<ul style="list-style-type: none"> • Evaluation report • Project completion report • Project progress reports • Internal review and reflection reports • Monitoring reports
Output		
Output 1 NFN and its members effectively engaged in institutionalising good governance policies, procedures and systems within their organisational set-up and operations	<ul style="list-style-type: none"> • Institutional good governance policies, procedures and systems developed and implemented within NFN and its member organisations at all levels • Organisational management frameworks developed and implemented within NFN and its member organisations • Reference materials promoting institutional good governance, and public transparency and 	<ul style="list-style-type: none"> • Project completion report • Institutional good governance policies and systems • Organisational management frameworks • Project progress reports • Internal review and reflection reports • NFN publications

Annex 1 – Project Document

	accountability published and widely shared	<ul style="list-style-type: none">• Monitoring reports• Meeting minutes• Training workshop reports
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1. Introduction and Process of Developing Project Document

Until the political change of 1990, the establishment of NGOs as independent and autonomous entities was not possible. Capturing the opportunity offered by the 1990 Constitution, which guaranteed the freedom of assembly and association, among others, NGOs started to operate addressing diverse areas and issues of individual and community concerns. Amidst this, the NGO Federation of Nepal (NFN) was established in 1991, as an umbrella organisation of the NGOs, which then operated mostly in the Kathmandu Valley. Since then, the NFN membership has grown from 30 in 1991 to 3,400 in early 2006 with NGOs from across the country affiliated to it. NFN members comprise NGOs working on a wide range of issues, including human rights protection and promotion, environment conservation, pro-poor development, gender justice and community empowerment.

In a relatively short period of time, the NGO movement has been established as a powerful change agent in Nepal. As such NGOs have also been instrumental in institutionalising human rights protection and promotion mechanisms in the country. They have been at the forefront to tackle humanitarian urgencies. Their roles in judicious management of natural resources, reconstruction and rehabilitation, and poverty eradication have equally been significant. They have also played an important role in addressing the Maoist conflict by pressuring political parties and the Maoists to work together to find peaceful solutions to the problems brought to the surface by the conflict. The behind-the-scene lobby of NGOs resulted in the Seven Party Alliance (SPA) and the Communist Party of Nepal (Maoists) (CPN Maoists) entering into the 12-point understanding in November 2005. Similarly, the NGO community incessantly fought all repressive measures initiated by King Gyanendra after 1 February 2005, specially the ones that attempted to curb fundamental freedoms and liberties, including the independent functioning of civil society organisations. NFN was in the lead of these initiatives launched by the NGO community.

Following the SPA-Maoist 12-point understanding, NFN continued working as a bridge between SPA and Maoists to ensure that the understanding did not falter and the Maoists did not deviate from their commitment to a peaceful movement. The movement succeeded to force the King to give up his absolute rule and pave the way for genuine democracy (*lokatantra*). Now, SPA and Maoists are working collectively towards an interim government through which to hold elections for a Constituent Assembly to write a new constitution. NFN is closely engaged in the monitoring of the whole process.

In the aftermath of the April 2006 movement, Nepal has entered a new era of democratisation. The role of NGOs, and particularly of NFN, is going to be more crucial in the democratisation process, which has to address post-conflict needs for reconstruction, rehabilitation and reconciliation. To take up these new challenges, NGOs should expand their understanding of their own institutional issues and enhance skills and capacities to deal with them. This project is designed to enable the NGOs, specifically those affiliated to NFN, and NFN itself to deal with these issues.

The project development process has been built on a participatory approach. The following two contexts have led to the formulation of this project document:

- The strategic planning meeting of NFN organised in August 2005, and attended by almost all NFN Executive Members, including Regional Members, suggested that NFN design a project for district NGOs to enhance their understanding and skills vis-à-vis institutional good governance, organisational development and rights based programming.
- The General Assembly of NFN held in May 2006 resolved to, among others, make its members able and resourceful to engage in social transformation within their respective areas in order to fully materialise the transformatory momentum that has begun in the country following the April 2006 *Jana Andolan*.

2. Context, Issues and Linkages with Human Rights and Good Governance

The country is passing through a critical point of time, one filled with both challenges and opportunities. The challenges center around the consequences of the 10-year-old Maoist armed conflict and King Gyanendra's design to impose an authoritarian regime. The nation has opportunities offered by two recent developments. First, the 12-point understanding has created a space for Maoists and political parties to work together for peaceful transformation of the Nepali society in a democratic framework. Second, the April 2006 people's movement forced the King to give up the executive power he had usurped on 1 February 2005, and has resulted in the restoration of parliament. The restored parliament has already announced a number of steps, which could be crucial for the progressive transformation of the Nepali state and society.

In the changed situation, the NGO community is expected to take wider responsibilities. In addition to their general work, the NGOs need to closely watch and monitor the conduct of both the Maoists and government in the conflict transformation process to ensure that they do not deviate from an agreed-upon code of conduct. They should involve themselves in post-conflict reconstruction initiatives to make sure that the initiatives are inclusive, transparent and responsive to the needs of the affected groups of people.

Taking stock of the overall situation of the country and the likely course it would take in the future, the recently held General Assembly of NFN concluded that the NGO community should, in the light of the changed context, prepare itself to effectively cope with the current and likely challenges by revisiting and consolidating its institutional capacity, and suggested the Executive Committee to: (a) take initiatives towards institutionalising good governance in each member organisation; and (b) design and implement projects for capacity development of local member NGOs. This suggestion adds to the priority NFN has placed on this issue for some time.

The other pertinent issue facing the NGO community is a capacity disparity between central and district level NGOs. Most of the NGOs in and around Kathmandu have an enhanced access to various kinds of trainings, interactions, workshops and exposures that are available within the country and abroad. These events have significantly contributed to capacity development of the participating NGOs one way or another. Just because local NGOs operate away from the center, they are deprived of opportunities to participate in such centrally available opportunities. Against this, NFN feels that an initiative should be implemented focusing on the needs of local NGOs.

The initiative has as such been designed as a response to the capacity disparity within the NGO community operating at different levels focusing on institutional governance and institutional development issues.

The majority of NFN members are human rights NGOs. Their institutional development will have a direct bearing on their human rights protection and promotion activities. The primary focus of the project is to create an enabling environment in which NFN and its member NGOs are able to institutionalise good governance principles in their organisational structures and operations, and enhance their understanding and skills in rights based approaches to project design, implementation and evaluation.

3. Rationale of the Project

Within limited space and capacity, NGOs have already made some substantial contributions toward organising and mobilising people to realise their rights, and expanding services to rural areas. Now the time has come for NGOs to direct their attention to enable grassroots people to participate in the democratisation process, which the nation is engaged in.

Since NFN has member organisations operating nationwide in a number of areas, including human rights protection, environment conservation, poverty alleviation and peace building, an institutional opportunity to be part of the nation's democratisation process exists. In order to engage them effectively in this democratisation process, NFN members require assistance to orient themselves to the unfolding changes and to deal with emerging challenges.

For some time now, NGOs have come under criticism from various angles. The criticism centres around governance related issues, particularly around transparency, accountability and intra-organisational rule of law. While this criticism to some extent may have been the result of general cynicism, some of it is quite valid. NFN strongly feels that the NGO community should face the challenge by improving on its governance score of the past. It is with this central thrust that the project has been designed. The rationale of the project rests on the fact that unless the NGO community is able to build and implement policies and systems necessary for promoting and institutionalising good governance within its operations, there will be little scope left for itself to be part of the broader social movement, let alone of the national democratisation process.

In the past, NFN implemented a project with support from DFID for capacity building and institutional development of NFN with the primary objective of improving NGOs' contribution to the overall development of Nepal. The Output to Purpose Review (OPR) of the project has appreciated the project's contribution at the central and regional levels, and has recommended for similar support to strengthen NFN district chapters and NGOs at local levels highlighting that the project's contribution has not been as effective at local levels as it has been at regional and central levels.¹ As OPR suggests, unless the district chapters, the foundation of NFN, are institutionally capable, NFN will not be institutionally strengthened.

In sum, this project builds around: (a) needs expressed by NFN members at the local level; (b) issues suggested by internal reviews as well as an external evaluation²; and (c) a general public expectation that NGOs develop good governance mechanisms to govern their functions and resources in a transparent and accountable manner.

¹ See, *Final Report: Output-to-Purpose Review of NGO Federation Project (NFP) of NGO Federation of Nepal*, June 2005, pages ii, 15, by Dr. Dinesh Pant.

² See, *Final Report: Output-to-Purpose Review of NGO Federation Project (NFP) of NGO Federation of Nepal*, June 2005, pages 14,15, 23 and 27, by Dr. Dinesh Pant.

4. Description of the Project

4.1 Development Objective

Democratically functional civil society organisations engaged in human rights protection and promotion, social justice promotion and pro-poor development work in Nepal

Indicator

Democratic values and good governance principles institutionalised within civil society organisations and their work

4.2 Immediate Objective

To enhance institutional good governance practices within a strengthened NGO Federation and its member organisations nationwide

Indicators

- Increased adherence to good governance values and principles within the institutional set-up and functioning of NFN and its members
- Enhanced institutional capacity of NFN and its members to promote human rights protection and promotion, social justice promotion and pro-poor development works

4.3 Output, Activities and Indicators

Output 1

NFN and its members effectively engaged in institutionalising good governance policies, procedures and systems within their organisational set-up and operations

Output Indicators

- Institutional good governance policies, procedures and systems developed and implemented within NFN and its member organisations at all levels
- Organisational management frameworks developed and implemented within NFN and its member organisations
- Reference materials promoting institutional good governance, and public transparency and accountability published and widely shared

Activities

1.1 Development, Adoption and Implementation of Policies and Systems

1.1.1 Institutional Good Governance Policy

Aware of the fact that a social organisation that fails to internalise good governance principles within its own institutional functions cannot deliver on its broader social promises, NFN is planning to institutionalise good governance principles within the structures and functions of NFN and its member organisations. To make sure that all members' policies are up to the basic 'good governance' standard and uniform, NFN will facilitate the review, update and development, as necessary, of institutional good governance policies addressing transparency, accountability, inclusivity (in terms of gender, culture, ethnicity and geography), equal

opportunities and organisational rule of law issues, and subsequent implementation of policies. NFN will form a task force, including NFN members and external experts as necessary, to draft the institutional good governance policy through a bottom-up participatory process.

As part of the above, the existing Code of Conduct (COC) of NFN will be updated and improved, and enforced amongst NFN members. The improvement and updating of the COC will be informed by, among others, institutional good governance principles. In updating the COC, necessary feedback, comments and support will be sought from NFN's alliance partners such as the Federation of the Community Forest Users' Nepal, Dalit NGO Federation, National Federation of Water Users' Association-Nepal, National Federation of Drinking Water and Sanitation Users' Nepal, and National Federation of Indigenous Nationalities. It is worth noting that NFN and the Association of International NGOs in Nepal (AIN) have already started working together to improve the COC. This partnership will continue throughout the project phase and beyond. The process of updating and improving the COC involves sharing the existing COC with these institutions for feedback and comments and finalising it through consultative meetings at various levels.

1.1.2 Administrative and Financial Policy Framework

NFN feels the need for updating and revising administrative and financial policies and systems, including human resource policies, of its central and regional offices, district chapters and member organisations in order to ensure that financial dealings and bookkeeping are generally up to standards. To do this, a template of administrative and financial policy frameworks will be prepared at the central level with the assistance of experts, and forwarded to regional offices and district chapters on the basis of which their policy development discussions and exercises will take place.

1.1.3 Preparation of Model NGO Statute

To establish and/or consolidate the rule of law within NFN members based on the basic principles of separation of powers, transparency, accountability and inclusivity, a model NGO statute will be prepared with the assistance of experts in order to encourage all current and potential NFN members to prepare their statutes in the light of the model developed, thereby making democratic and good governance principles integral to their organisational functioning.

1.1.4 Development of Monitoring and Evaluation Framework

To determine areas of reforms, if any, in the organisational operations and assess the impact of NFN's work in the area of social development, human rights and social justice promotion, NFN will develop a monitoring and evaluation framework and enforce it amongst member NGOs in all districts. The framework will provide both project impact monitoring tips and processes, and organisational assessment procedures.

1.2 Transformative Reflection for EC Members

The Executive Committee members of NFN are drawn from diverse backgrounds and experiences. Systematic sharing and documentation of their individual learnings, experiences, and achievements and failures, as they see them, will build a unique synergy as well as hint at areas necessary for consolidated efforts towards organisational changes. As such, a reflection event is suggested for NFN EC members in which they will freely reflect upon their past in the light of their individual organisational achievements and failures, document them in their own words and draw futuristic or transformative conclusions from them. A five-day residential

workshop is proposed for this initiative. The reflection notes will be published in the form of a special NFN publication.

1.3 Training Workshops on Institutional Good Governance and Rights Based Approaches

1.3.1 Regional Level Training Workshops

A specially designed four day training workshop will be organised for NFN regional members and selected district NGO activists having potential for facilitating district level training workshops as per Activity 1.3.2. At least two participants, one of them a woman, from each district will participate in the training workshop, which aims to enhance the participants' understanding and skills in good governance and rights based approaches. Altogether, 150 district NGO activists will be trained under this activity.

On completion of the regional training workshops, the participants will be mobilised to facilitate district level training workshops for their district-level activist colleagues.

1.3.2 District Level Training Workshops

Following the regional level training workshop, district level training workshops will be organised in all 75 districts for some 1,500 NGO activists, 20 activists in each district on average, selected from some 750 district NGOs working around issues of marginalised and excluded groups and communities. The NGO members participating in the training workshops will work as catalysts for promoting institutional good governance within NGOs in their respective districts, and helping them design and implement projects applying a rights-based approach.

1.4 Networking and Alliance Building

This project supports networking and alliance building in all development regions amongst NGOs, INGOs, donor agencies, and other civil society organisations operating at the regional level. Alliances and networks with these institutions will help smoothen the implementation of project activities, and explore local resources for the sustainability of the NGO movement at the local level. NFN and its member NGOs will also establish functional networking with government agencies at all levels.

1.5 Production of Education Materials on Institutional Good Governance

Following education materials will be produced to educate NGO members and staff about the values and principles of institutional good governance:

Posters: Posters promoting institutional good governance messages will be produced and disseminated widely. They will be posted in NGO offices, public buildings, government offices, I/NGOs, donor agency offices and other places of public importance.

Stickers: Small stickers informing people of a certain value or principle of good governance will be developed on a massive scale and distributed widely. These small one-slogan stickers are expected to inculcate in the people, especially duty-bearers and public office holders, the culture of good governance by repeatedly reminding them of their public responsibilities.

Fliers: Fliers with information on good governance and rights based approaches will be developed and disseminated among NGO activists. The fliers will be easy-to-read materials

carrying basic educational information on good governance and rights-based approaches for NGO activists.

Noticeboard: Small noticeboards carrying a slogan of commitment to good governance and human rights will be fixed at the entrance or reception of NFN central office, regional secretariats and 75 district chapters. This will remind NFN members and office staff to commit themselves to the promotion of good governance values and human rights principles, as well as informing members of the public about the core values of NFN.

In sum, production and distribution of education materials will serve two purposes: first, to fill the information gap in relation to good governance values and principles and rights-based approaches; and second, to encourage NGO activists, specially the NFN members, to abide by good governance principles.

1.6 Media Campaign for NGO Good Governance

1.6.1 Radio Programmes

A radio programme will be developed and launched monthly for 19 months focussing on good governance issues and challenges facing the NGO community. The programme will be developed by a team of experts, including radio journalists, and aired through Radio Nepal and selected FM stations. The programme will be a mix of grassroots people’s voices vis-à-vis their perception and suggestions in relation to NGO governance, views of governance experts, examples of ‘good’ practices, standard principles of good governance, and letters and feedback from a wide cross section of the population.

In addition, a set of radio jingles promoting institutional good governance will be produced and aired through selected FM stations nationwide. During the project period, at least three radio jingles will be produced and aired through at least 10 FM stations continuously for a year.

1.6.2 Television Spots

A set of spots will be developed and broadcast through television appealing to all NGOs and other stakeholders for their commitment to good governance, human rights protection and social justice promotion. The spots will build on good governance tips, and will be released at primetime for 45 times.

1.7 Membership Expansion Campaign

NFN will launch membership expansion campaigns to encourage district based NGOs to join NFN. The campaigns will take the form of meetings and interactions, and will be moderated by NFN district chapters. As well as membership expansion, this campaign is expected to expand NFN’s outreach and networking at the local level. All this will lead to NFN membership growing from 3,400 in 2006 to 7,000 at the end of the project period.

1.8 NGO Bill Preparation Campaign

The legal provisions governing NGOs in Nepal are restrictive rather than facilitative. This has in most cases hindered NGOs’ outreach to community pockets in want of services, whether development or otherwise. NFN feels that restrictive legislation should be annulled and replaced by a facilitative one. NFN will therefore launch a nationwide campaign to draft an NGO Bill. The campaign will include discussion sessions at district and regional levels, where member

NGOs as well as non-member NGOs will discuss the content of such Bill. Following the development of the Bill, all political parties will be lobbied to get pro-civil society legislation enacted on the basis of the Bill.

1.9 Documentation and Publication

1.9.1 Reference Material on ‘Public Hearing’ and ‘Public Audit’

‘Public hearing’ and ‘public audit’ are considered to be transparent and participatory audit and evaluation methods. Some civil society organisations and NGOs in Nepal have also started to apply these methods in their evaluations. In this context, NFN members have asked the NFN central committee to produce a reference material explaining the ‘why’ and ‘how’ of ‘public hearing’ and ‘public audit’, so that these methods can be applied effectively in an informed way rather than being driven by external influence. NFN feels that such a reference is necessary. Therefore, a short publication is planned to establish a common understanding of related terminologies and provide some useful tips on how these methods can be applied. The publication will be a collation of experiences, tips and lessons on public hearing and public audit generated by various agencies involved in social empowerment and development works.

1.9.2 Bulletin on NGO Governance

A bulletin in Nepali on NGO governance will be published on a quarterly basis. It will carry analytical contributions from experts and field-based information, including relevant case studies, on good governance and rights-based approaches. Every six months, NFN will also publish an English bulletin in limited copies. The total issues of the publication will be six in Nepali (1,500 copies per issue) and three in English (1,000 copies per issue) during the project period.

1.9.3 Update of NFN Database and Website

NFN database and website will be updated regularly with information from member NGOs, success stories of the project and other NFN initiatives at district, regional, national and international levels.

1.10 Reviews and Reflections

1.10.1 Regional Level Reviews and Reflections

Two events of regional level review and reflection meetings will be organised in each of the five regions during the project period. The first review and reflection will be organised midway through the project period, and the second one towards the end of the project. NFN regional and central committee members will attend the review and reflection meetings to critically assess the progress and/or setbacks of the project, and chart a way forward.

1.10.2 District Level Reviews and Reflections

District level review and reflection meetings will be held every six months to review progress, learnings and achievements, and work out ways to tackle challenges. Such review and reflection meetings will be organised in all 75 districts with the participation of district NGOs and NFN regional members. NFN central committee members will also participate in some of these meetings, which will be attended by 20 participants on average.

1.11 Regional Resource Centres

The regional resource centres will be supported with office staff, office space and other administrative support. This investment amounts to capacity building of regional resource centers, which support project activities in the concerned region by coordinating with NFN district chapters in the region, collecting and disseminating information and providing a bridge between local and central levels.

Activity Indicators

- Institutional good governance policy developed and implemented by NFN members
- Code of Conduct of NFN updated and improved, and enforced amongst NFN members
- Administrative and financial management systems and policy frameworks developed and implemented
- A model NGO statute developed and shared among current and potential NFN members
- Monitoring and evaluation frameworks developed and disseminated among NFN members
- A transformative reflection workshop held for NFN EC members
- Five regional level training workshops conducted on institutional good governance and rights-based approaches for selected NFN members from each of the five regions
- 75 district level training workshops conducted on institutional good governance and rights-based approaches for some 1,500 NFN district members
- Regional alliances and networks strengthened
- Educational materials on good governance published and disseminated
- 38 episodes of radio programme on NGO good governance developed and broadcast
- Television spots on NGO good governance developed and broadcast
- NFN membership and outreach expanded
- NGO Bill prepared and lobbied with political parties with the aim of adopting it as legislation
- Reference material on ‘public hearing’ and ‘public audit’ published and distributed
- Nine issues of NGO governance bulletin published
- NFN database and website reviewed and updated
- Two regional level review and reflection meetings conducted in each region
- Three review and reflection meetings conducted in each of the 75 districts
- Five Resource Centres, one in each region, remain functional

General

Primary and Secondary Stakeholders

The primary stakeholders of the project will be NFN regional and district level NFN chapters. NFN member NGOs at large will also receive project benefits as primary stakeholders. The project will contribute to good governance, social inclusion, human rights and pro-poor development. The outcome of the project will result in local NGOs being more transparent, accountable, socially inclusive, efficient and committed to institutional good governance values and principles. The secondary stakeholders comprise, among others, civil society, government, development agencies and the general public.

Location and duration of the project

The project will have a nationwide coverage. The project is planned for the period 1 September 2006 to 30 April 2008

5. Strategic Approaches

Participatory and Collaborative Interventions

NFN follows a participatory approach in delivery and implementation of its services. It works collaboratively with different national and international organisations, regional and district chapters and stakeholders to protect and promote the independence of NGOs, and to empower them so that they are capable and skillful to serve the people. NFN has been actively participating in various forms of social movements in collaboration with various civil society organisations.

NFN also closely collaborates with other national federations and alliances to ensure safe, effective and unhindered implementation of their respective activities. Such collaborative partnerships will continue in relation to the implementation of this project as well.

Local Capacity Building

Capacity building of local NGOs is another approach to NFN's work. Creation and protection of development space, dispute mitigation, people's empowerment, and human rights protection and promotion require capable institutions at the local level. Current capacity building initiatives for local NGOs should look at two areas: institutional capacity building and operational capacity building. It is in the light of this necessity that the project has proposed activities that range from development of policies, systems and resources promoting institutional good governance to capacity building training workshops for NFN member activists.

Respect for Diversity and Plurality

NFN is a common forum of all NGOs engaged in social transformation from diverse fields and areas. It respects diversity and plurality as a source of synergy, and promotes them both in its structural set-up and functional interventions. Equal participation, inclusiveness, gender sensitivity, geographic and/or spatial balance are some of the value considerations, which NFN duly respects and promotes in operational terms.

6. Organisation, Management and Administration

6.1 Introduction of NGO Federation

NGO Federation of Nepal (NFN) is an umbrella organisation of NGOs working in various fields of social and development issues. Established in 1991 for the promotion and protection of social justice, human rights and pro-poor development, NFN has evolved as a national organisation that leads the entire NGO movement in Nepal. It is actively working to conscientise, organise and mobilise civil society to create a peaceful, democratic and just Nepal where human rights are respected.

NFN is a democratic organisation led by a team of NGO professionals who volunteer their services to achieve the vision of NFN – establishment of a democratic and just society through a vibrant and strengthened NGO movement engaged in economically sustainable, socially equitable, gender balanced and environmental friendly development.

The Executive Committee comprises 19 democratically elected members, including a president, vice-president, general secretary and treasurer. Among them, five are elected as regional

representatives and six as women representatives. The Executive Committee meets every three months.

NFN is an autonomous, independent and politically non-partisan organisation, governed by its own constitution amended the last time in 2002. It has prepared and enforced a ‘Code of Conduct (CoC)’ to increase accountability and transparency of NGOs in their operations. As OPR has noted, the enforcement of CoC has “provided member NGOs with a framework for regulating their operations, including the behaviour of NGO activists, which has also been a proof document for them to show their credibility among the government, NGOs, INGOs, donors and other private and public organisations.”³ However, NFN concurs with the following recommendatory observation of OPR: “NFN has still a long way to go for regulating the operation of its member NGOs by ensuring transparency and accountability in more visible way since these are very much related to development of new culture by changing the deep-rooted cultural values.”⁴ In the changed socio-political context, which provides an opportune moment for, among others, accountability and transparency promotion campaigns, NFN feels the need for improvement in the content of CoC and enforce it with more force and vigour, and monitor its strict compliance by all members.

NFN is in itself a network, which has more than 3400 member NGOs affiliated to it through 74 district chapters and a focal point in Myagdi District. In this sense, NFN is the largest network of NGOs in Nepal. To coordinate and mobilise its member NGOs in carrying out various activities effectively and efficiently, NFN has a regional committee comprising 7 – 9 members in each development region. Together they work as a regional catalyst for leadership development and capacity building of member NGOs.

NFN has an efficient secretariat run by skilled and capable staff under the guidance of the NFN Management Committee, which meets every week. Its Financial, Administrative and Personnel Policies regulate the secretariat and regional offices. An Executive Director has the daily management responsibility of NFN.

NFN follows a highly participatory approach in delivery and implementation of its services. Its major focus lies in qualitative capacity building of local member NGOs, and improving their governance and management skills and competencies.

Partnerships

NFN is currently working with UN Millennium Campaign, Global Call to Action against Poverty (GCAP) with support from ActionAid Nepal, Plan International, Lutheran World Federation and Care Nepal. The funding support covers NFN’s poverty eradication campaigns. Besides, it maintains close functional relations with various national federations and alliances such as the Federation of the Community Forest Users’ Nepal, Human Rights Alliance, Dalit NGO Federation, National Federation of Water Users’ Association-Nepal, National Federation of Drinking Water and Sanitation Users’ Nepal, and National Federation of Indigenous Nationalities. At the regional as well as district levels, NFN maintains close working relations with regional and district offices of the above federations and alliances.

³ See, *Final Report: Output-to-Purpose Review of NGO Federation Project (NFP) of NGO Federation of Nepal*, June 2005, pages 8, by Dr. Dinesh Pant.

⁴ Ibid.

6.2 Project Management and Administration

6.2.1 General

The overall coordination of the project will be done from NFN central office in Kathmandu. NFN regional resource centers will coordinate project activities at the regional level, and District Chapters at the district level. NFN central office will maintain close and regular communication with regional offices, district chapters and DanidaHUGOU.

6.3 Project Steering Committee

A Project Steering Committee (PSC), with representatives from NGO Federation Executive Committee and management, and DanidaHUGOU, will be formed. If necessary, the Steering Committee may extend its membership to other representatives. The Steering Committee shall, among others, approve work plans, and budgets and expenditures. The Steering Committee will also discuss draft audit reports. The Steering Committee will meet at least two times a year.

6.4 Human Resources

NGO Federation will recruit professional staff to implement the project through a transparent and competitive process. The project will have a Project Manager at the central level who will be responsible for overall coordination of both the programmatic and administrative work in relation to the project. The Project Manager, who will report to the Executive Director, will be assisted by a Programme Officer, an Administration and Account Officer, and an Office Assistant at the central level. Similarly, there will be a Regional In-charge and an Assistant in each region to assist the Project Manager in implementing the project.

7. Financial Management

7.1 General Overview

NFN has comprehensive financial policies, procedures and systems along with appropriate internal controlling mechanisms. The Executive Committee is responsible for financial management, and is accountable to the NFN members/stakeholders, and partners, both national and international. NFN will prepare annual work plans and budgets in line with the project document, and funds will be administered as per the approved work plans and budgets. The financial management of the project will be done as per the MoU signed between DanidaHUGOU and NFN.

NFN will, if needed, seek prior approval from DanidaHUGOU to transfer or reallocate the approved budget from one heading to another.

7.2 Transfer of Funds

DanidaHUGOU generally transfers funds on a quarterly basis based on the approved annual work plan and budget, including the quarterly cash flow, and upon receiving the Fund Accountability Statement (FAS) of the previous quarter. FAS should be received in accordance with the reporting guidelines as per the MoU between NFN and DanidaHUGOU within the first

week after the completion of the concerned quarter. NFN will maintain a separate account for DanidaHUGOU funds.

NFN will transfer the required budget to the regional resource centres and district chapters as per the approved work plans and budgets in accordance with the requisite internal procedures.

7.3 Auditing

NFN conducts an annual audit of the entire organisational transactions and submits the audit report to District Administration Office and Social Welfare Council. Besides, it makes the audit report public for those interested in NFN's financial transactions. Similarly, NFN provides a copy of the same to its partner organisations for reference.

DanidaHUGOU will appoint an independent auditor to conduct the audit of the books of the project normally at the end of each calendar year, including a final audit on completion of the project. NFN will provide the necessary support and extend its full cooperation in this respect.

8. Monitoring, Reporting and Evaluation

8.1 Monitoring

Monitoring will be done at the district, regional and central levels on a regular basis with the involvement of NFN central office, regional offices and district chapters. Monitoring will include review and reflection of performances at regional and district levels, and planning of activities for the following months in the light of the review. Monitoring will also include field visits by central and regional office staff.

8.2 Reporting

NFN will prepare financial and project progress reports against approved work plans and budgets. The primary basis for preparing the reports will be the immediate objective and outputs, and the budget outlined in the project document.

NFN's district chapters and regional offices will submit their reports to NFN central office on a monthly basis. NFN will prepare and submit to DanidaHUGOU annual work plans and budgets, and bi-annual and annual progress reports based on the provisions in the MoU entered between NFN and DanidaHUGOU. NFN will initiate the preparation of the Project Completion Report at least three months before the project completion and will submit to DanidaHUGOU a draft report within a month after project completion. The format related to this reporting is also attached to the entered MoU.

8.3 Evaluation

An external evaluation will be carried out in the last quarter of the project period by an external evaluator. DanidaHUGOU will manage the task of selecting the evaluator in consultation with NFN. DanidaHUGOU will administer the budget allocated for this purpose. The evaluation will, among others, involve the assessment of the contributions of activities and outputs to the achievements of immediate and development objectives, including in particular institutional

good governance policies and practices. The evaluation will also look at measures taken for the sustainability of the initiative and the impact of capacity building initiatives.

9. Sustainability

The initiative contributes to the empowerment of local NGOs by enhancing their institutional governance and organisational management systems and skills. As local NGOs get empowered, local movements get strengthened. Locally rooted movements are sustainable in their own right, they adapt to local issues as they emerge and evolve, and mutate into new forms according to the current local expressions and expectations. The initiative adds to the sustainability of the local movements by supporting them in the areas of their organisational development and professional needs.

The initiative also helps NFN members enhance skills in networking, lobbying and advocacy. These skills, together with enhanced institutional good governance, contribute to their ‘good imaging’ in the community they work, and amongst their donor and stakeholder partners. Good imaging commands community trust and also helps generate financial resources both locally and externally.

One of the regular sources of income of NFN is the membership fee each member organisation has to pay annually. The project contributes to the expansion of NFN membership. This will lead to more NGOs joining NFN thus resulting in the rise of internal revenues of NFN.

In general terms, NFN has already taken a few concrete measures to make its movement sustainable. The measures, which are also relevant in relation to the sustainability of activities under this project, include the “expansion of membership base, establishment of resource centres and generation of earnings by selling the services to NGOs, preparation of business plans, etc”⁵, as rightly highlighted by OPR as “psychological preparedness”⁶ of NFN towards its sustainability. A structured sustainability plan will be developed within the first year of the project’s operation putting in place measures and options necessary for the sustainability of the project outcomes, which, in turn, will contribute to NFN’s sustainability as a whole.

10. Inputs from DanidaHUGOU

A summary of the project budget is given below. Please see Annex 1-1 for the detailed budget.

S.N.	Budget Headings	2006 (Sep-Dec)	2007 (Jan-Dec)	2008 (Jan-Apr)	Total
A	ACTIVITY COSTS				
	Output 1	3,289,000	7,182,000	1,463,500	11,934,500
	TOTAL, ACTIVITY COSTS (A)	3,289,000	7,182,000	1,463,500	11,934,500
B	EQUIPMENT (B)	676,000	-	-	676,000
C	EVALUATION (C)	-	-	400,000	400,000
D	STAFF COSTS (D)	1,016,000	3,077,000	926,000	5,019,000
	TOTAL (A+B+C+D)	4,981,000	10,259,000	2,789,500	18,029,500

⁵ See, *Final Report: Output-to-Purpose Review of NGO Federation Project (NFP) of NGO Federation of Nepal*, June 2005, page 26, by Dr. Dinesh Pant.

⁶ Ibid.

E	7 % OVERHEAD*	348,670	718,130	195,265	1,262,065
	TOTAL, PROJECT BUDGET	5,329,670	10,977,130	2,984,765	19,291,565

* The overhead will be calculated on the basis of actual expenditures.

In addition to the above financial input, DanidaHUGOU’s Component Advisers and other professional staff will provide advisory services to NFN in relation to the implementation of the project. This may entail accompanying NFN on field visits.

11. Assumptions, Risks and Mitigation Strategy

11.1 Assumptions

The project assumes that the government policy toward NGOs remains positive, and that NGOs’ contribution to people’s organising and empowerment continue to be recognised at the policy level. It is also assumed that the political situation of the country continues to improve and sound partnerships emerge between the government and NGOs. Other assumptions are:

- NFN and its chapters continue to be accepted at all levels as credible and legitimate organisations working toward human rights protection and promotion, people’s empowerment, social justice promotion and pro-poor development
- NFN members remain receptive to NFN policies and the NGO Code of Conduct, and they encourage other aspiring members to do the same
- NFN retains its trained and competent human resources

11.2 Risks

The fluid political situation in the country poses risks to the initiative. There are still suspicions that the current ceasefire may break down and the country may return to armed conflict with rural areas and communities detached from the center and district headquarters. If this happens, it will be difficult to implement the initiative at the local level. The prevailing public perception that NGOs are not transparent and accountable may also pose some amount of risk, not least in areas of activities that appeal to public support and participation.

11.3 Mitigation Strategy

As a risk mitigation measure, NFN will work to direct civil society pressure on CPN (Maoists) and the ruling SPA to move towards a permanent ceasefire. As a minimum, they will be pressured to build consensus about refraining from violations of human rights, particularly the freedoms of movement, expression and association, and the right to development, in any situation whatsoever, and about allowing unhindered operations of civil society organisations throughout the country.

To improve the public perception about NGOs, NFN and its members will increasingly implement institutional good governance principles in their intra-organisational structures and operations and publicly disclose how good governance values have been institutionalised, such as through social audit and other disclosure measures.

12. Implementation Plan

The following table provides the overall implementation plan for the project:

S.N.	Activities	Target		2006	2007				2008
		Unit	Qty	Sep - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Apr
Output 1: NFN and its members effectively engaged in institutionalising good governance policies, procedures and systems within their organizational set-up and operations									
1.1	Development, Adoption and Implementation of Policies and Systems								
1.1.1	Institutional Good Governance Policy	Number	1						
1.1.2	Administrative and Financial Policy Framework	Number	2						
1.1.3	Preparation of Model NGO Statute	Times	1						
1.1.4	Development of Monitoring and Evaluation Framework	Number	1						
1.2	Transformative Reflection for EC Members	Times	1						
1.3	Training Workshops on Institutional Good Governance and Rights Based Approaches								
1.3.1	Regional Level Training Workshops	Number	5						
1.3.2	District Level Training Workshops	Number	75						
1.4	Networking and Alliance Building	Throughout							
1.5	Production of Educational Materials on Institutional Good Governance	As per needs							
1.6	Media Campaign for NGO Good Governance								
1.6.1	Radio Programmes	Throughout							
1.6.2	Television Spots	Times	90						
1.7	Membership Expansion Campaign	Members	3,600						
1.8	NGO Bill Preparation Campaign	Throughout							
1.9	Documentation and Publication								
1.9.1	Reference Material on ‘Public Hearing and ‘Public Audit’	Number	2						
1.9.2	Bulletin on NGO Good Governance	Issue	9						
1.9.3	Update of NFN Database and Website	Times	8						
1.10	Reviews and Reflections								
1.10.1	Regional Level Reviews and Reflections	Number	10						
1.10.2	District Level Reviews and Reflections	Number	225						

Annex I – Project Document

1.11	Regional Resource Center Support	Throughout						
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