

NEPAL

REDINESS LEVEL

LOW

Despite persisting domestic needs and high dependency on foreign aid,¹ foreign funding to Nepal has slowed in the past decade. The Government of Nepal has implemented additional regulatory restrictions in recent years, making it more challenging for foreign donors to give to Nepal. To meet domestic social needs, the non-profit sector will need to improve its fundraising capabilities to access a wider array of funding, including from foreign private donors.²



CROSS BORDER GIVING INDEX

SCORE
1.00

Most, if not all, giving from Nepal goes to domestic causes. Nepalese organisations and individuals cannot send funds overseas except when the government gives special dispensation such as for disaster relief, which is typically done through a government-managed relief fund.

Foreign funding inflows to Nepal have slowed in the past decade. The government has put additional regulatory restrictions on interested donors, making it more challenging to give to Nepal. In the meantime, the government encourages homegrown philanthropy. After the 2015 Nepal earthquake, when only a fraction of relief funds reportedly made it into Nepal,³ the government enacted laws with stricter oversight around receiving international charitable funds. Through the 2019 International Development Cooperation Policy, the government also emphasises the importance of reducing dependency on foreign support by encouraging domestic resource mobilisation.⁴



REGULATORY INDEX

SCORE
1.00

The Government of Nepal imposes high regulatory barriers on foreign funding. Cross-border giving is effectively forbidden as the regulatory environment for receiving foreign funding has tightened in recent years.⁵

Approval for receiving overseas philanthropic donations is a lengthy process. Before receiving foreign funding, NGOs must obtain approval from the Social Welfare Council (SWC), the dedicated government agency to oversee the coordination, cooperation, mobilisation and promotion of social sector organizations.⁶ Upon receiving the donation, NGOs must report the details and purpose of the donation to the SWC and the Nepal Rastra Bank. For donations exceeding US\$100,000, NGOs must notify the Ministry of Foreign Affairs and the Ministry of Women, Children and Senior Citizens. NGOs must also seek approval from federal, district, and local authorities⁷ on how funds are applied.

The NGOs that participated in our survey noted that the approval process can take up to a month and once approved, transactions are exempt from import taxes. Many found the process lengthy, cumbersome, and costly. In cases of disaster response, the process delayed necessary assistance when needed.



INFRASTRUCTURE INDEX

SCORE
1.00

Nepal has a large NGO sector, with over 40,000 registered NGOs, many are small community-based organisations. However, there is no comprehensive list of registered NGOs in Nepal, making it difficult to find basic information. Efforts to fill information gaps and provide resources for small NGOs exist. For example, GTA Nepal, an advisory organisation, builds small NGOs' capacity to receive more funds independently.⁸ In addition, following concerns

around reports of money laundering and corruption after the 2015 earthquake,⁹ interview informants expressed the desire for professional intermediaries and a trusted network of partners to ensure transparency of funding and to cultivate trust with foreign donors, the government, and the local community in order to facilitate cross-border inflows to the country.

ECOSYSTEM SUPPORT ROLE	ORGANISATIONS
Research institutions	• National Innovation Centre
Philanthropy advisory	• Social Welfare Council • GTA Nepal
Ecosystem promoter/ advocacy	• Association of INGOs in Nepal
Networks and membership organisations	• NGO Federation Nepal

