

Perceptions of nongovernmental organizations on the regulatory framework in Nepal

Mukesh Kumar Bastola¹

¹ Public Administration Campus, Tribhuvan University, Balkhu, Kathmandu, Nepal.

✉ mukesh.bastola@pac.tu.edu.np  orcid.org/0009-0001-7640-8219

Abstract

Although the government of Nepal recognizes nongovernmental organizations (NGOs) as development partners, their perspectives on regulations remain understudied. Using a convergent mixed methods approach, this study investigates the perceptions of NGOs regarding the regulatory framework. Data were collected through a survey questionnaire with 216 NGO officials and key informant interviews with 11 NGO executives on their perceptions of the regulatory environment, institutional environment, and regulatory compliance. Descriptive statistics and independent t-tests were employed to analyze quantitative data, and qualitative data were analyzed thematically based on Braun and Clarke's framework, whereas Fetters et al.'s framework was employed in data integration. The findings illustrated that both centrally and locally based NGOs perceived government regulatory framework as satisfactory on paper and restrictive at the operational level due to the personal interests of individuals in authority, noncompliance with government rules, and the dominance of informal rules in regulatory agencies. The study's implications are discussed to suggest government, policymakers, and donors.

Keywords: Perception, NGOs, Donors, Regulatory Framework, Mixed Methods Study, Nepal

1.0 Introduction

Governments worldwide have constantly strived for alternative development strategies to promote citizens' quality of life, as development is their core concern (Lee & Kim, 2015). Nongovernmental organizations (NGOs) represent such alternative strategies. NGOs are defined as various private nonprofit organizations with administrative offices and paid staff (Rugeiyamu & Nguyahambi, 2024). They are legal entities operating outside the formal realms of both government and the market (Haque, 2011) at the local, national, and international levels (Clarke, 1998). They have emerged as the alternative development actors because of the perceived failure of state-centric development strategies in developing countries in the 1970s (Midgley, 2003).

Similar to the global trend of NGO involvement in development, the government of Nepal (GoN) enacted the Social Welfare Act (SWA) and established the Social Welfare Council (SWC) in 1992 to facilitate operations of NGOs (Ministry of Law, 1992) and mobilize external development aid to support national development. NGOs have been taken as development partners since the eighth plan of National Planning Commission (National Planning Commission [NPC]PC, 1992) under liberal economic policy, leading to their rapid growth. As of 15 June 2020, 51,513 NGOs and 230 INGOs were affiliated with SWC (Social Welfare Council [SWC], 2021). On average (three years average), 700 NGOs mobilize funds from external donors to implement donor-funded development projects. The data show that about half of the donor-funded NGOs (DFNGOs) are concentrated in the Kathmandu Valley (Kathmandu, Lalitpur, and Bhaktapur), and the remaining half are registered in the districts and implement programs in their familiar localities (SWC, 2022). In this study, NGOs concentrated in the Kathmandu Valley are defined as urban or centrally based NGOs (CBNGOs), and those outside the Valley are defined as locally based NGOs (LBNGOs). NGOs are typically characterized as grassroots-focused

organizations supporting people-centered development. When they concentrate in the urban areas, their projects may represent donors' interests, undermining their comparative advantages in local engagement (Banks & Hulme, 2012). This study assumes that CBNGOs and LBNGOs may vary in orientations and operational activities.

The growth of the NGO sector created regulatory challenges (Gugerty, 2008), such as formulating appropriate policies and legislation for governments and donors worldwide (Mayhew, 2005). It also increased external pressure on governments for a comprehensive regulatory framework in developing countries (Gugerty et al., 2010) to ensure their accountability towards target groups (Burger, 2012) and enhance their willingness and ability to support national development goals (Mayhew, 2005). In the case of Nepal, their activities are sometimes perceived as against national interests (Himalayan News Service, 2019). There is debate about whether strict government regulatory measures for NGOs or facilitative measures are effective in preventing attacks on civil society organizations (Human Rights Watch, 2019; Regmi, 2018). In the given debate, little attention has been paid to whether existing regulatory frameworks facilitate or constrain development NGOs. This article uses a convergent mixed method research design to answer how centrally and locally based NGOs perceive the regulatory framework for their operations and whether their perceptions align or differ.

This study is confined to the donor-funded national-level development NGOs (DFDNGOs) affiliated with the SWC and working in five thematic areas: education and literacy; health and sanitation; women, children, and disabilities; poverty reduction and livelihoods, and capacity development and empowerment. The classification of DFDNGOs is based on Bhatt's (Bhatt, 1995) framework. The study examines government policies and legislation, their implementation, and the informal institutions that influence the regulatory framework. In the next section, the literature on the regulatory framework for NGOs, the theoretical framework, and the methodology are described, followed by the results, discussion, and conclusion of the study.

2.0 Literature Review

The NGO policy and legislation of the government have influential roles in defining, recognizing, and influencing space for NGOs (Dupuy et al., 2015), their operations, and institutional development and recognition in society (Gugerty et al., 2010). The regulatory framework ensures the effectiveness of NGOs by promoting their integrity and discouraging malpractices (Burger, 2012). The regulatory framework can also hinder NGO operations (Dupuy et al., 2015; Gilbert & Mohseni, 2018) because legal restrictions allow government authorities to undermine NGOs (Springman et al., 2022), and weak regulatory mechanisms can promote corruption that might destroy the NGO sector (Dupuy et al., 2015). A favorable regulatory framework assures NGOs' accountability towards target communities, allows them to generate income, and encourages them to concentrate on the priority areas (Matei & Apostu, 2014) and preserve their values, promote their integrity, and ensure their roles as development partners (Mayhew, 2005). NGOs emphasize minimum restrictions and flexibility in resource mobilization and utilization (Clark, 1995). Scholars suggest that effective regulatory frameworks acknowledge NGOs' distinct strategies in their operations (Heyzer, 1995), and country-specific frameworks align the needs of the society (Clark, 1995).

In Nepal, the history of voluntary organizations dates back to the Lichhavi dynasty (about 1100 AD). Traditionally, they were regulated by the social and cultural norms of different ethnic groups (Thapa & Malla, 2002). The traditional voluntary organizations gradually shifted towards modern NGOs. However, the government strictly controlled NGOs during the Rana Regime (1846-1951). Despite the restrictions on NGOs during the Panchayat system (1961-1991), due to external and internal pressure, the government enacted the Social Service National Coordination Council (SWNCC) Act and the Association Registration Act (ARA) in 1977 to regulate NGOs.

However, only limited NGOs were allowed to operate under strict government monitoring (Ulvila & Hossain, 2002).

With liberal democracy and liberalization in the early 1990s, the government of Nepal adopted the Social Welfare Service Act (SWSA) and Social Welfare Rules (SWR). It established the SWC in 1992 to streamline the NGO sector. Likewise, under federalism, the Local Government Operation Act (LGOA, 2017) gives local government units (municipalities) the authority to adopt policies and programs to mobilize NGOs and coordinate with them to support local development (Ministry of Law, 2017). Currently, the regulatory framework for NGOs includes the general policies of central and local governments and two binding legislations: the SWCA (1992) and the ARA (1977). All social and voluntary organizations are registered at District Administration Offices (DAOs) under ARA. The regulatory agencies, DAOs can take legal action against NGOs if they do not operate as per their objectives (Ministry of Law, 1977). The SWA was enacted to regulate and control funds from external donors channeled through local partner NGOs for the implementation of donor-funded projects. Under the same regulatory framework, INGOs require distinct requirements and are regulated differently.

From the social capital theoretical perspective, the rule of law, willingness to obey laws and political, legal, and institutional environments within the government shape NGOs' should comply with the regulatory framework (Ahn & Ostrom, 2008; Gomez & Santor, 2001; Grootaert & Van Bastelaer, 2002). However, recent trends indicate that growing restrictions on NGOs, including complex registration processes, strict government monitoring, and NGO interventions primarily aimed at controlling their funds from external donors (Dupuy et al., 2015; Gilbert, 2020), undermining their compliance by eroding institutional trust and cooperation. Additionally, restrictions on NGOs aim to control their advocacy (Springman et al., 2022) and allow government authorities to manipulate regulatory frameworks (Gilbert & Mohseni, 2018).

A fundamental question is why countries adopt restrictive NGO regulations. Previous research suggests that aid-dependent countries with growing NGO sectors and weak regulatory systems tend to adopt strict restrictions due to donors' pressure (Christensen & Weinstein, 2013; Gugerty et al., 2010). Additionally, restrictive regulations are employed to control NGOs' funds for political activities when government perceives NGOs as political agents, creating a threat to the political system (Christensen & Weinstein, 2013; Gilbert, 2020). Studies illustrate that external funds lead to the growth of fake NGOs (Dietrich & Wright, 2015), and strict government oversights force NGOs to divert their resources to unproductive activities (Burger, 2012). Likewise, the political interest of NGOs encourages them to misuse financial resources (Islam & Morgan, 2012). However, there is a dearth of research on how development NGOs perceive regulatory frameworks to streamline their operations. This study aims to address this knowledge gap.

3.0 Methodology

3.1 Research Design and Participants

This study employed pragmatism to provide an in-depth and comprehensive understanding of research issues (Creswell & Clark, 2018)) and utilized mixed methods research (MMR) design incorporating the quantitative and qualitative research methods and approaches (Johnson, 2014). The study was conducted within and outside the Kathmandu Valley by paying due attention to the availability of rich data (Neuman, 2014) and research questions to explore the macro and micro level social phenomena (Brannen & O'Connell, 2015), based on preliminary field visits and discussions with NGO executives.

Based on the details of the 699 donor-funded NGOs and their projects that obtained project approval from the SWC between 15 July 2020 and 14 July 2021, a sampling frame consisting of 362 NGOs, including 199 CBNGOs and 163 LBNGOs, was prepared. While consulting, 307

NGOs agreed to participate in the study. The principle of maximum variation (Patton, 2015) was employed to sample NGOs and their executives (n=11) from a larger heterogeneous population ensuring a representative sample (Patton, 2015). Similarly, by visiting their websites and consulting offices, 392 email addresses of NGO officials were collected from 307 NGOs.

3.2 Data Collection

Since pragmatism emphasizes semi-structured interviews and questionnaire surveys (Creswell & Clark, 2018), the audio-recorded semi-structured interviews, ranging from 60 to 100 minutes, were conducted with the NGO executives from April 2021 to December 2021 until theoretical saturation was achieved (Auerbach & Silverstein, 2003). Six interviews were performed in person, and five were conducted virtually due to the COVID-19 pandemic and the wide study area. The codes CBNE1 to CBNE6 and LBNE1 to LBNE5 were used to anonymize the identity of executives from CBNGOs and LBNGOs. In addition to interviews, a questionnaire survey was also conducted. The survey was designed using Google Forms and administered from July 2021 to December 2021. The questionnaire included 25 close-ended standard format questions (Neuman, 2014) on a 6-point Likert scale to restrict participants from becoming fence-sitters (Schutt, 2019). One interview was conducted as a pilot interview, and the perspectives of the first five interviews with the executives were incorporated into the survey questionnaire. Two executives were asked to gauge the suitability of the questionnaire, and survey respondents were requested for their feedback. Of the questionnaires distributed to 392 officials from 307 NGOs, 221 responses were received, including 114 from CBNGOs, 102 LBNGOs and five incomplete.

3.3 Data Analysis

Based on Fetters et al.'s (2013) framework, quantitative and qualitative data were analyzed separately. The findings were integrated using the weaving approach under the narrative approach. The principal component analysis (PCA) was performed to reduce the dimensionality of quantitative data (Field, 2018). The cutoff value of 0.40 for each question for their loadings and initial Eigenvalues 1 for each question to retain in factor was specified, and 50 % of the variance explained was taken as a standard (Field, 2018; Peterson, 2000). The PCA reduced four questions (1, 7, 8, and 20) and produced three components. Ten questions in the first component represented 'regulatory compliance', the second component captured 'institutional environment', and the third component represented the regulatory environment'. Three components collectively explained 63.31% of the variance in the data set. In the study, Cronbach's alpha values for three components (0.92, 0.75, and 0.71 in the first, second, and third components, respectively) showed internal consistency of questions, the KMO test result (KMO=0.93) and the Bartlett's Test (Bartlett's Test = 1.83, p=000) suggested adequacy of sample size, suitability of data, and high correlation between questions (Field, 2018).

The descriptive statistics (mean, standard deviation) and independent samples t-test were statistical tools employed. The mean value of 4 or more was interpreted as NGO executives' positive perception of the research issues and vice versa. After fulfilling two primary assumptions, namely normality of the data set and homogeneity of variance (using Levene's Test) were satisfied (Field, 2018), an independent t-test was employed to examine whether perceptions of NGO executives from CBNGOs and LBNGOs differed on the research issues. The qualitative data was analyzed thematically using NVivo 12 Pro software based on Braun and Clarke's (2006) framework. The data was transcribed verbatim, data analysis was conducted inductively, and themes were identified at the semantic level (Braun & Clarke, 2006). A codebook was prepared to summarize relevant themes. Despite the lack of a formal requirement to obtain institutional ethical approval for conducting this research, professional integrity and ethical standards were maintained, including pre-consent from the respondents to record interviews and distribute questionnaires to survey respondents.

4.0 Results

Table 1 and Table 2 present the results of descriptive statistics and the independent samples t-test, respectively, followed by findings from the qualitative data analysis.

Table 1: Descriptive Statistics on the Perceptions of the Regulatory Framework for Centrally Based (n = 114) and Locally Based NGOs (n = 102).

| Components | Centrally Based NGOs | | | | | Locally Based NGOs | | | | |
|---------------------------|----------------------|------|------|-------|------|--------------------|------|------|-------|------|
| | Min | Max | Mean | SE | SD. | Min | Max | Mean | SE | SD |
| Regulatory Compliance | 1.40 | 5.60 | 3.69 | 0.094 | 1.00 | 1.20 | 5.40 | 3.43 | 0.097 | 0.98 |
| Institutional Environment | 1.00 | 6.00 | 3.31 | 0.098 | 1.05 | 1.00 | 5.67 | 3.36 | 0.090 | 1.00 |
| Regulatory Environment | 1.00 | 6.00 | 3.82 | 0.099 | 1.06 | 1.33 | 5.67 | 3.60 | 0.100 | 1.02 |

Note: *Min = Minimum, Max= Maximum, SE= Standard Error, and SD = Standard Deviation*

Table 1 illustrates that the small standard errors compared to the sample means for three factors ($0.094 < 3.69$ and 3.43 , $0.098 < 3.31$ and 3.36 , and $0.099 < 3.82$ and 3.60) indicate that the sample means were more representative of the population. Similarly, the mean values for regulatory compliance ($M=3.69$), institutional environment ($M=3.31$), and regulatory environment ($M=3.82$) among CBNGOs and regulatory compliance ($M=3.43$), institutional environment ($M=3.36$), and regulatory environment ($M=3.60$) among LBNGOs are below 4 on a 6-point scale, suggesting that NGO officials perceived a lack of government authorities' compliance with the regulatory framework. However, officials from LBNGOs are less satisfied with the regulatory framework than their counterparts from CBNGOs. However, the quite significant difference between the maximum and minimum values and the results of SD ($SD \geq 1$) indicates variability in their responses.

The results of the independent samples t-test are presented in Table 2. In Table 2, the Skewness and Kurtosis values ranging between ± 1 show the normal distribution of the data set and Levene's test for homogeneity of variance for the three components was insignificant ($p = 0.46$, 0.24 , and $0.81 > 0.05$), suggesting that NGO officials from CBNGOs and LBNGOs were homogenous for comparison. The smaller Std. Error difference (0.1) denotes greater precision in estimating the true difference between the means of two NGO groups. In Table 2, an independent samples t-test statistics for three components, $t(214) = 1.88$, $p = 0.06$ (component 1), $t(214) = -3.3$, $p = 0.74$ (component 2), and $t(214) = 1.52$, $p = 0.13$ (component 3) at 95 % of confidence level are not statistically significant, showing that there is no statistically significant difference in the perceptions of the two groups of NGO officials. The results mean that NGO officials from CBNGOs and LBNGOs working in distinct contexts have similar perceptions of regulatory frameworks. The qualitative data supports the results from the quantitative data on three components: regulatory environment, regulatory compliance, and institutional environment. *Regulatory Environment:* Data revealed that while the government's general NGO policies were more liberal, NGOs encountered restrictions at the operational level. Respondents viewed that "due to being the parties of several international treaties, the government has adopted liberal policies to facilitate NGOs" (LBNE4) and "policies in periodic plans are in favor of NGOs, taking them as development partners" (CBNE1). "However, at the operational level NGOs were facing problems. For instance, its annual fiscal policies compel NGOs to register at tax offices to obtain VAT clearance, treating as private construction companies" (CBNE1). "Policies were not favorable to support and work with the NGOs and government, underlying NGOs' expertise, experience, and capacity" (LBNE1). In addition, there was fear in the NGO

sector that the government would adopt restrictions because the government and its bureaucracy tend to hold more power. An expert executive shared that "the draft proposals and official guidelines adopted by the government in recent years are guided by bureaucratic mindset. The global scenarios prove that when government agencies tend to hold greater roles, it shrinks the space for NGOs" (CBNE6). The quotes illustrated a favorable government vision and a poor working environment for NGOs.

Table 2: Independent Samples t-test on Regulatory Framework for NGOs (n = 216)

| Components | Skewness | Kurtosis | Std. Error Diff. | Levene's Test | | T-test | | | |
|---------------------------|----------|----------|---------------------|---------------|------|--------|-----|------|--|
| | | | | F | Sig. | t | df | Sig. | |
| Regulatory Compliance | -0.20 | -0.77 | 0.135 | 0.54 | 0.46 | 1.88 | 214 | 0.06 | |
| Institutional Environment | -0.01 | -0.61 | 0.140 | 1.37 | 0.24 | -0.33 | 214 | 0.74 | |
| Regulatory Environment | -0.36 | -0.60 | 0.142 | 0.06 | 0.81 | 1.52 | 214 | 0.13 | |

On the issue of local government (municipalities) policies, the finding revealed that federalism created confusion for the government in adopting appropriate policies. For instance, "if NGOs implement their programs in several local bodies, it is unclear the roles of different levels of government and their collaboration with NGOs" (CBNE3). Municipalities lacked capable human resources and were unaware of addressing local problems. They are in the "preliminary phases of learning new ideas and adopting policies to mobilize NGOs" (LBNE5). An executive from the Tarai (the southern region) shared that "of the 20 municipalities and rural municipalities in my district, hardly 2 to 3 municipalities have a clear vision on policy matters. Most of them could not prepare their annual budget effectively, and policies and programs to mobilize NGOs are far from their imagination" (LBNE2). The study revealed that municipal policies and programs could not address core issues such as "identifying and utilizing strengths of NGOs, making NGO sector productive and honest and monitoring NGOs" (LBNE1). The quotes suggest municipalities' weaknesses in supporting development through NGOs.

The study found that the government's commitment to reform the NGO legislation existed only on paper as a political rhetoric because:

The government commits to simplifying NGO laws in every plan. However, the four-decade-old ARA (1977) and the National Guidance Act (2012) adopted during the centralized regimes are still in operation. The Ministry of Social Welfare is the line ministry, but the Ministry of Home Affairs prepares drafts of legislation and issues directives to NGOs" (CBNE1).

Executives repeatedly illustrated flaws in the ARA on several grounds, primarily its universal treatment of distinct NGOs and DAOs as regulatory agencies. They argued that "government deals with NGOs working for children similar to advocacy NGOs although, unlike advocacy NGOs, NGOs working with children need to care for children throughout day and night" (CBNE2). Executives called it "the black law due to granting local regulatory authority to DAOs entrusted with internal security and criminal investigation agencies" (LBNE5). Likewise, "NGOs are registered yearly, but there are no legal provisions to dissolve them if they remain passive, leading to rapidly increasing NGOs" (CBNE5). The quotes mean that there should be separate legal provisions effectively monitor NGOs working in distinct sectors, exclude NGOs from DAOs' preview, and not be kept in a single basket.

The study uncovered that non-compliance with government regulations resulted in ineffective enforcement and weak monitoring, rendering the "NGO sector the most vulnerable" (CBNE1) due to "the lack of coordination among central, state, and local government in the formulation of policies and hesitations of municipalities taking ownership of central level policies" (CBNE6), and their lack of awareness of policies and inadequate structures" (LBNE4). Similarly, "the

negative attitudes of bureaucrats towards NGOs and lack of institutional mechanisms" (CBNE5), and political interests and dishonesty in the management regulatory bodies resulted from the frequent changes in leadership of the ruling political parties have led to regulatory failure (LBNE3 & LBNE4). When regulatory agencies are influenced by political ideology and interests, their decisions and actions represent the status quo.

The monitoring of NGOs was found to be weak in fulfilling the legal requirement, rendering itself meaningless in many situations. NGOs were monitored once a year, observing their projects without suggestions for better performance. The expenses of NGOs were borne by NGOs, although they were not legal (CBNE2 & CBNE3). Municipalities lack the ideas and expertise to regulate NGOs, and NGOs need to fulfill several extra-legal requirements. Their inability to monitor has created barriers to honest NGOs, such as "a complex and lengthy process during project approval at the SWC and extra-legal requirements to register and renew at DAOs" (CBNE1), leading to "malpractices, lawlessness, and corruption in the NGO sector" (CBNE3). When monitoring is weak, and NGOs are compelled to incur extra legal expenses, they may search for alternatives to cover their expenses.

The study found that informal rules, personal interests, and working cultures often override government regulations and their compliance. Executives argued that "government authorities encourage their relatives and political favorites to register NGOs and assure them to assist in mobilizing government and external funds" (CBNE1), "honesty, attitudes, and interests of government authorities are vital in dealing with NGOs (CBNE2), and local government authorities favor politically aligned NGOs and operated by their relatives (CBNE3 & CBNE4). The data demonstrated that "formal policies and laws were fundamentally the same for the last few decades. However, several new rules and guidelines have been adopted with the changes in political leadership and individuals in authority" (CBNE6). Likewise, "officials at regulatory agencies had personal interests over the concerns of NGOs, as they adopted policies and decisions in favor of them and their favorites without justifying their actions" (LBNE3). The quotes suggest that the working culture in regulatory agencies and the interests of officials have negatively hindered the effectiveness of the regulatory framework in regulating NGO operations.

5.0 Discussions and Conclusion

The objectives of this study were to explore how NGOs perceive the government regulatory framework and whether centrally and locally based NGOs have distinct perceptions of it. Findings revealed that although centrally and locally based NGOs perceived the government's vision, commitments, policies, and programs in its periodic plans as satisfactory, they indicated several flaws in the government regulatory framework, due to which NGOs faced restrictions in the field. The findings contradict Dupuy et al. (2015), who suggest that the government is entrusted to shape the institutional and operational environment for NGOs. Similarly, due to negative attitudes and misunderstandings, municipalities hesitated to adopt policies to streamline NGOs. The annual policies and programs of 10 sampled municipalities for the fiscal year 2021/022 did not have specific NGO-related policies and programs supporting this finding, as their social development programs emphasized education, health, and social security but nothing about NGOs (Ministry of Federal Affairs and General Administration [MoFAGA], 2022). They emphasized that government rules and guidelines guided by bureaucratic interests, neglected NGOs' institutional development and attempted to control them. Poor implementation, monitoring, the violation of government policies, and undue political influence on regulatory agencies and laws also hindered their effectiveness, encouraging NGOs to operate for monetary gains. Previous studies have shown that poorly designed policies, insufficient resources, and political motivation have resulted in ineffective government mechanisms (Burger, 2012).

Moreover, the government's perceptions of NGOs as threats to the political system (Gilbert, 2020), engage in malpractices (Gugerty, 2008), and guided by political interests (Burger, 2012) lead to government restrictions on NGO operations. The political influence on regulatory agencies is supported by the government's decision to dismiss the board members of the SWC on 21 February 2019 and requesting the Commission for Investigation of Abuse of Authority (CIAA) to investigate them (Lama, 2019). Likewise, the resignation of its board members on 24 September 2021, accusing the line minister of interfering with their affairs (Republica, 2021) also supports this finding.

NGOs pointed out flaws in ARA, crucial legislation to regulate NGOs, primarily due to the lack of NGO categories based on their volume of transactions and operational levels, keeping them in a single basket and treating them universally. Similarly, NGOs' perceived restrictions resulted from the DAOs being entrusted with internal security as regulatory agencies. The ARA (1977) was promulgated during the Panchayat system, and the government strictly controlled NGOs. In mid-1970, the number of registered NGOs was only 17 (NPC, 1992), and the government did not consider the categorization of NGOs, supporting its findings.

The study illustrated that satisfactory government vision and policies were not implemented in practice, the interests of individuals in authority and bureaucrats played a crucial role in shaping NGO operations, regulatory agencies were dominated by political interests, and restrictive guidelines could not control the malpractices in the NGO sector. The findings highlighted the lack of compliance with government regulations (Gomez & Santor, 2001), the lack of appropriate political and institutional environments within the government (Grootaert & Van Bastelaer, 2002), and dominant informal rules, socially constructed values and cultures (Ahn & Ostrom, 2008). The findings show that centrally and locally based NGOs had similar perceptions of the government regulatory framework regardless of location, indicating a similar working environment for NGOs across different communities and cultural settings. However, locally based NGOs were observed to be more optimistic and proactive in dealing with adverse working environments compared to centrally based NGOs.

Similar to its findings, the Ethiopian government faced obstacles in enforcing NGO laws due to weak capacity, unwillingness, and personal benefits of government authorities (Dupuy et al., 2015), Bangladeshi NGOs were engaged in corruption and misuse of external resources (Islam & Morgan, 2012), and Ugandan NGOs undermined the intended purpose of NGO regulations (Burger, 2012). The findings significantly contribute to the empirical understanding of effectiveness and loopholes in the government regulatory framework and suggest that government authorities, policymakers, and donors adopt appropriate measures to promote the productivity of NGOs to support national development. The study highlights new issues of malpractices in the NGO sector, the political interests of individuals in authority, and the impact of operating rules on regulatory agencies that future studies can explore further. Since this study is confined to the views of NGOs, future researchers are advised to consider the perspectives of government authorities for a comprehensive understanding of the issues beyond the Nepalese context.

References

- Ahn, T. K., & Ostrom, E. (2008). Social capital and collective action. In D. Castiglione, J. W. Van Deth, & G. Wolleb (Eds.), *The handbook of social capital* (pp. 70–100). New York: Oxford University Press.
- Auerbach, C. F., & Silverstein, L. B. (2003). *Qualitative data: An introduction to coding and analysis*. New York: New York University Press.
- Banks, N., & Hulme, D. (2012). *The role of NGOs and civil society in development and poverty reduction*. Manchester: Brooks World Poverty Institute.

- Bhatt, A. (1995). Asian NGOs in development: Their role and impact. In N. Heyzer, J. V. Riker, & A. B. Quizon (Eds.), *Government-NGO relations in Asia: Prospects and challenges for people centred development* (pp. 77–90). London: Palgrave Macmillan.
- Brannen, J., & O'Connell, R. (2015). Data analysis I: Overview of data analysis strategies. In S. Hesse-Biber & R. B. Johnson (Eds.), *The Oxford handbook of multimethod and mixed methods research inquiry* (pp. 257–274). Oxford University Press.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Burger, R. (2012). Reconsidering the case for enhancing accountability via regulation. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 23(1), 85–108. <https://doi.org/10.1007/s11266-011-9238-9>
- Christensen, D., & Weinstein, J. M. (2013). Defunding dissent: Restrictions on aid to NGOs. *Journal of Democracy*, 24(2), 77–91.
- Clark, J. (1995). The state, popular participation, and the voluntary sector. *World Development*, 23(4), 593–601.
- Clarke, G. (1998). *The politics of NGOs in South-East Asia: Participation and protest in the Philippines*. London; New York: Routledge.
- Creswell, J. W., & Clark, V. L. P. (2018). *Designing and conducting mixed methods research* (Third edition). Thousand Oaks: SAGE Publications, Inc.
- Dietrich, S., & Wright, J. (2015). Foreign aid allocation tactics and democratic change in Africa. *The Journal of Politics*, 77(1), 216–234. <https://doi.org/10.1086/678976>
- Dupuy, K. E., Ron, J., & Prakash, A. (2015). Who survived? Ethiopia's regulatory crackdown on foreign-funded NGOs. *Review of International Political Economy*, 22(2), 419–456.
- Fetters, M. D., Curry, L. A., & Creswell, J. W. (2013). Achieving integration in mixed methods designs-principles and practices. *Health Services Research*, 48(6pt2), 2134–2156. <https://doi.org/10.1111/1475-6773.12117>
- Field, A. (2018). *Discovering statistics using IBM SPSS statistics* (5th ed.). SAGE Publications Inc.
- Gilbert, L. (2020). Regulating society after the color revolutions: A comparative analysis of NGO laws in Belarus, Russia, and Armenia. *The Journal of Post-Soviet Democratization*, 28(2), 305–332.
- Gilbert, L., & Mohseni, P. (2018). Disabling dissent: The colour revolutions, autocratic linkages, and civil society regulations in hybrid regimes. *Contemporary Politics*, 24(4), 454–480. <https://doi.org/10.1080/13569775.2018.1471645>
- Gomez, R., & Santor, E. (2001). Membership has its privileges: The effect of social capital and neighbourhood characteristics on the earnings of microfinance borrowers. *The Canadian Journal of Economics*, 34(4), 943–966.
- Grootaert, C., & Van Bastelaer, T. (2002). Social capital: From definition to measurement. In C. Grootaert & T. Van Bastelaer (Eds.), *Understanding and measuring social capital: A multidisciplinary tool for practitioners* (pp. 1–16). Washington, DC: The World Bank.
- Gugerty, M. K. (2008). The effectiveness of NGO self-regulation: Theory and evidence from Africa. *Public Administration and Development*, 28, 105–118.

Perceptions of nongovernmental organizations on the regulatory framework in Nepal

- Gugerty, M. K., Sidel, M., & Bies, A. L. (2010). Introduction to minisymposium: Nonprofit self-regulation in comparative perspective-themes and debates. *Nonprofit and Voluntary Sector Quarterly*, 39(6), 1027–1038. <https://doi.org/10.1177/0899764010372971>
- Haque, M. S. (2011). Nongovernmental organizations. In M. Bevir (Ed.), *The SAGE handbook of governance* (pp. 330–341). London: SAGE Publications Ltd.
- Heyzer, N. (1995). Toward new government- NGO relations for sustainable and people centred development. In N. Heyzer, J. V. Riker, & A. B. Quizon (Eds.), *Government-NGO relations in Asia: Prospects and challenges for people centred development* (pp. 1–14). New York: Palgrave Macmillan.
- Himalayan News Service. (2019, May 6). Government to regulate NGOs, says Baskota. *The Himalaya Times*. Retrieved from <https://thehimalayantimes.com/nepal/govt-to-regulate-ngos-says-baskota>
- Human Rights Watch. (2019, November 14). Nepal: New NGO law should protect rights. Retrieved March 6, 2021, from Topic: Free Speech website: <https://www.hrw.org/news/2019/11/14/nepal-new-ngo-law-should-protect-rights>
- Islam, M. R., & Morgan, W. J. (2012). Nongovernmental organizations in Bangladesh: Their contribution to social capital development and community empowerment. *Community Development Journal*, 47(3), 369–385. <https://doi.org/10.1093/cdj/bsr024>
- Johnson, B. (2014). *Educational research: Quantitative, qualitative, and mixed approaches* (Fifth edition). Thousand Oaks, Calif: Sage Publications.
- Lama, S. (2019, February 19). Vice-chairman of Social Welfare Council among five sacked. *The Kathmandu Post*. Retrieved from <https://kathmandupost.com/national/2019/02/21/social-welfare-council-vice-chairman-among-five-sacked>
- Lee, S. J., & Kim, Y. (2015). Searching for the meaning of community well-being. In S. J. Lee, Y. Kim, & R. Phillips (Eds.), *Community well-being and community development: Conceptions and applications* (pp. 9–24). Switzerland: Springer International Publishing.
- Matei, A., & Apostu, D. C. (2014). The relationship between the state and the nongovernmental organizations. *Procedia - Social and Behavioral Sciences*, 43, 847–851.
- Mayhew, S. H. (2005). Hegemony, politics and ideology: The role of legislation in NGO–government relations in Asia. *Journal of Development Studies*, 41(5), 727–758.
- Midgley, J. (2003). Social development: The intellectual heritage. *Journal of International Development*, 15(7), 831–844. <https://doi.org/10.1002/jid.1038>
- Ministry of Federal Affairs and General Administration. (2022). *Statement of websites of local level, Ministry of Federal Affairs and General Administration*. Retrieved June 9, 2022, from GIS Map website: <https://www.mofaga.gov.np/>
- Ministry of Law. (1977). *Associations registration act, 1977*. Nepal Law Commission. Retrieved from <http://www.lawcommission.gov.np/en/>
- Ministry of Law. (1992). *(The) social welfare act, 1992: An act relating to the management of social welfare*. Social Welfare Council. Retrieved from <http://www.swc.org.np/wp-content/uploads/2015/06/SWC-Act.pdf>
- Ministry of Law. (2017). *Local government operation act*. Nepal Law Commission. Retrieved from <http://www.lawcommission.gov.np/np/>

- Neuman, L. W. (2014). *Basics of social research: Qualitative & quantitative approaches*. England: Pearson Education Limited. Retrieved from <http://www.vlebooks.com/vleweb/product/openreader?id=none&isbn=9781292033679>
- National Planning Commission. (1992). *The eighth plan (1992-1997)* [periodic plan]. Kathmandu: National Planning Commission. Retrieved from National Planning Commission website: https://www.npc.gov.np/en/category/periodic_plans
- Patton, M. Q. (2015). *Qualitative research & evaluation methods: Integrating theory and practice* (Fourth edition). Thousand Oaks, California: SAGE Publications, Inc.
- Peterson, R. A. (2000). A meta-analysis of variance accounted for and factor loadings in exploratory factor analysis. *Marketing Letters*, 11(3), 261–275.
- Regmi, S. C. (2018, June 18). *INGOs are here to complement the government, not to challenge it*. Retrieved from <https://kathmandupost.com/interviews/2018/06/18/ingos-are-here-to-complement-the-government-not-to-challenge-it>
- Republica. (2021, September 24). Office-bearers of Social Welfare Council resign en masse. *My Republica*. Retrieved from <https://myrepublica.nagariknetwork.com/news/office-bearers-of-social-welfare-council-resign-en-masse/>
- Rugeiyamu, R., & Nguyahambi, A. M. (2024). Civic space and its effects on advocacy nongovernmental organizations (NGOs) in Tanzania. *International Social Science Journal*, 74(253), 1113–1133. <https://doi.org/10.1111/issj.12500>
- Schutt, R. K. (2019). *Investigating the social world: The process and practice of research* (Ninth Edition). Los Angeles: SAGE.
- Springman, J., Malesky, E., Right, L., & Wibbels, E. (2022). The effect of government repression on civil society: Evidence from Cambodia. *International Studies Quarterly*, 66(3), sqac028. <https://doi.org/10.1093/isq/sqac028>
- Social Welfare Council. (2021). *List of NGOs affiliated with SWC – SWC-Social Welfare Council Nepal*. Retrieved May 2, 2020, from <http://swc.org.np/list-of-ngos-affiliated-with-swc/>
- Social Welfare Council. (2022). *SWC NGOs getting approval*. https://www.swc.org.np/sites/default/files/downloads/Approved%20Project_NGOs_%202077.078.pdf
- Thapa, L. C., & Malla, U. N. (2002). Volunteerism and promoting voluntary services. In *Volunteerism in Nepal* (pp. 16–26). Kathmandu: National Planning Commission & UN Volunteers Nepal.
- Ulvila, M., & Hossain, F. (2002). Development NGOs and political participation of the poor in Bangladesh and Nepal. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 13(2), 149–163.