

Final Evaluation and Ways Forward: Strengthening Accountability and Governance of NGOs in Nepal

(SDC's Contribution to the NGO Federation of Nepal)

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EXECUTIVE SUMMARY

Background and mandate

The project “Strengthening Accountability and Governance of NGOs in Nepal” (SAGON) was implemented by the NGO Federation of Nepal (NFN) between November 2014 and December 2017. The project’s financial resources consisted of a contribution from Switzerland to the NFN of approximately 60 million NPR. The project’s overall goal was “to contribute to improved services to the people, especially disadvantaged groups, through a more effective, transparent and accountable NGOs with sound internal control systems and management”. It sought to contribute to two key changes in NGO governance and the governance of NGOs in Nepal:

- NGOs adopt stringent Internal Control Systems (ICS) and principles of good governance for strengthening their internal governance and management capacity
- The NGO Federation Nepal (NFN) and its regional and district chapters effectively backstop and monitor member organizations’ compliance with good governance and management principles.

SAGON was implemented in all 75 districts of Nepal. The project’s primary stakeholders were NFN member organisations. The NGO Federation of Nepal is a member-based umbrella organisation of NGOs working in the fields of social welfare and development. The Federation was formally established in 1991, following the democratic transformation of 1990, in which civil society played an important role. The Federation is the largest of its type in Nepal, with over 6000 members. The NFN has a team of core staff based in Kathmandu, as well as regional coordinators in each of the development regions.

The implementation of SAGON took place against the backdrop of several eventful years in Nepal, with the socio-economic and political context in different parts of the country affected by: a massive earthquake, the promulgation of a new constitution, protests of the constitution, a blockade of the border and 3 tiers of elections.

In the fall of 2017, SDC mandated a team of three evaluators to evaluate its contribution to the NGO Federation in the form of the SAGON project. The evaluation’s Terms of Reference and subsequent workplan identified three topics to assess:

- The project’s achievements according to the logframe outcomes: did SAGON contribute to the changes in NGO governance and the governance of NGOs that it set out to?
- The project as per the OECD DAC criteria: was SAGON relevant? Was it implemented in an efficient and effective way? Did it achieve impacts and will its results be sustainable?
- Options for the way ahead in supporting civil society in Nepal, in particular with reference to state restructuring (federalization) and the perceived restriction and reduction in advocacy around issues of inclusion, human rights and social justice.

Methods

This evaluation is based on a two-part methodology. The first part consists of a literature review of existing studies, mappings, capacity assessments, etc. on civil society in Nepal, as well as specific literature on SAGON (project document, project reports) and more general strategic and policy documents from SDC. The second part is empirical research, conducted by different team members over 15 days in Kathmandu, Ramechhap, Okhaldunga, Kaski and Mahottari. This methodology

gives a relatively detailed and comprehensive quick assessment of the situation. However, the review faces limitations in two respects: both from its limited scope and the limited data provided by the project. Both of these affect the comprehensiveness of the findings reported here.

Evaluation – general findings

- SAGON’s logframe and theory of change contain a number of design flaws. These flaws result in a theory of change and output-outcome-impact relationship that are improbable when the political economy of the civil society sector in Nepal is considered.
- SAGON’s monitoring system is deficient, which means that it is difficult to make any rigorous statement about project results beyond the level of activities and (to a very limited extent) outputs.
- The roles of implementer and primary beneficiary are somewhat mixed: SAGON is implemented by the NFN but NFN members are the main beneficiaries. Thus it is a little unclear who influences what.
- If the only defacto output under outcome 1 is awareness raising (because the other outputs are not within the scope of the project’s control but that of its beneficiaries), then this output is clearly insufficient to achieve the intended outcome.
- While outcome 2 seems to suggest that some thought was put into incentives and disincentives, it assumes that there was political will within the NFN to enforce such a compliance system and/or that NFN members perceive monitoring compliance with governance principles to be a legitimate function of the NFN.
- While SAGON focused almost exclusively internally, it did not acknowledge that the main factors influencing the achievement of its outcomes were external (funding, requirements) or quasi-external (political will).
- In addition to these design flaws, which a more grounded and politically sensitive analysis at the planning stage might have avoided, the years during which the project was implemented were politically turbulent.
- For these reasons, and the highly questionable choice to spread limited resources thinly over the whole country, it is not surprising that SAGON has struggled to achieve the results envisaged in its project document.

Evaluation – performance

The evaluation team’s assessment of SAGON’s performance may be summarised as follows:

Quality	Comment
Relevance	Highly relevant to: Swiss Cooperation Strategy, Switzerland and Nepal’s international commitments, Nepal’s development strategies, amongst others.
Efficiency	On the basis of available evidence, human and financial resources were used in an efficient manner. The costs booked for different activities are reasonable. The project seems to have benefitted from significant unpaid labour/ volunteer contributions from NFN members (the true scale of which is unclear, as not documented).
Effectiveness	Effectiveness difficult to assess due to major weaknesses in the project monitoring system. Planned activities seem to have been implemented, but there is limited data to assess whether these were effective in achieving intended results. Available data, including that collected during the evaluation mission suggests, that project design did not sufficiently account for issues of political economy and power, affecting whether the limited capacity development

	facilitated by the project (trainings) would result in changes at the scale envisaged in the project outcomes. However, the project seems to have been effective in ensuring that NFN members are aware of the importance of basic issues relating to internal governance. With the limited time and finances, choices such as operating at the scale of 75 districts likely limited effectiveness even further.
Impact	As above, difficult to assess beyond the limited data collected during the evaluation mission. Achieving the impact defined in the project logframe would require a different kind of intervention than SAGON – in particular more time, financial resources and a more fine-tuned “systemic” political economy assessment of civil society governance, the governance of civil society and its various imbrications with political society.
Sustainability	There seems to have been limited reflection on how to ensure sustainability of the institutional mechanisms established through the project, which would themselves have required more time and a different approach to move beyond the stage of piloting. It is possible that some of the outcomes the project contributed to, in particular raised awareness, may be sustainable. But whether this will lead to sustainable changes in how NGOs operate will most likely depend on other factors, including terms and conditions set by government actors and development partners.

The way forward – recommendations for NFN

Reflect on NFN’s role. Is NFN a) A membership based organisation focussing on collective action among its members and advocacy on issues of common interest among its members, b) An organisation that implements development projects, including capacity development initiatives that are principally targeted towards its own members, c) A professional association that services to regulate the sector (possibly even beyond its own members), for example by developing and enforcing governance monitoring and quality assurance mechanisms? We suggest that the NFN would do well to learn from the experience of some of the other civil society federations in Nepal that have mixed roles and have ended up largely as service providers implementing projects on behalf of development partners. In these cases, this has led to the critique that these federations represent the interests of the development partners that fund them and not their own members. This has in turn affected their effectiveness as a lobby and advocacy organisation.

Develop a baseline and rigorous set of data on member governance, including a possible classification system that is owned by local chapters, for purposes of analysis and communication. At present, our findings suggest that NFN’s data management is quite weak – NFN does not have the information necessary to speak with confidence on the actual extent of one of the biggest challenges its members face. NFN certainly has a lot of numbers, but not numbers of a kind that can support analysis – in terms of comparability or reliability.

Invest in analysis of lessons learned & future change agendas. Having now implemented two different donor funded projects on improving NGO governance, we recommend that NFN invests in a serious analysis of what worked well in these two initiatives, what did not work well and why. As this evaluation suggests, SAGON’s topic was highly relevant and more work will definitely be needed in this field. This work will be more effective if it can benefit from the lessons learned of both SAGON and the NGMP.

Invest in capacities for project management. We strongly recommend that the NFN invests in capacities for project management. An organisation that aims to be a national-level player needs to

be able to articulate strategies and results in terms of outcomes, not only activities. Clearly this capacity is important for dealing with donors, but we would like to emphasise that it is important for the organisation more generally. NFN can play its part in rehabilitating the reputation of NGOs by being publically and rigorously results-oriented and being accountable to Nepali society (not only donors or the SWC) for the change they would like to be contribute to.

Conduct institutional dialogue and possibly structural reform to harmonise with new state structure, empower local chapters and decentralise ways of working. This recommendation calls for institutional and structural reform of NFN as a whole to remain relevant and effective in the new state structure and three-tier governance system. With distinct mandate and role division among the federal, provincial and local level public agencies that will have direct links with the CSOs/NGOs regulations, space for operations and level of engagement will require restructuring of the NFN organization, governance and representation mechanism. NFN (and other civil society organisations) decentralising in this way would also send a powerful message that they support the empowerment of sub-national levels of governance.

Take action to address some of the ICS challenges members face. NFN should look into challenges its members are facing on the practical implementation of IC systems, such as issues around taxes and VAT. This could include an advocacy agenda on aspects of the regulations that should be changed, or it could include joint work with the relevant authorities to provide authoritative guidance on issues around which there is current confusion. This kind of work on the enabling environment would improve the conditions for NFN members trying to implement their learnings from SAGON.

The way forward – recommendations for SDC

Civil society remains an important theme for SDC, as noted in the most recent Federal Dispatch on International Cooperation (2017-2020).

Conduct “systemic” political economy and power analysis. SAGON is a good example of how a project that is designed to address a clear perceived problem can end up being less than effective because it focuses simply on symptoms without addressing the underlying causes, i.e. the analysis does not take into consideration questions of political economy and power. Given the entwinement of NGOs with the implementation of development cooperation in Nepal, the findings of such an analysis would be relevant beyond analysis of the civil society sector itself. Such analysis could also be useful in identifying potential “drivers of change” in civil society beyond NGOs.

Re-think objective of civil society support. The evaluation team recommends that before defining future projects in this field, SDC should reflect on the objectives behind its support to civil society. SAGON was specifically designed to help create “better” (in the sense of better governed) implementing partners for agencies like SDC. While an intervention of this kind is important and relevant, SDC could also consider other approaches if the objective is more about empowerment or transformative social change than about institutional development of implementing partners. These two objectives are of course not mutually exclusive.

Re-think partnership strategy regarding civil society. We recommend that SDC reconsiders its partnership strategy regarding civil society. We recommend that SDC distinguish between strategic partners and implementing partners. Strategic partners are partners that have an independent role in the governance system and with whom SDC may share common objectives and work jointly. Implementing partners’ role is tied to that of their funder – they are there to provide services for a

limited period of time. We suggest that an organisation like the NFN is perhaps more appropriate in the role of strategic partner than as implementing partner.

Ensure that implementers institute rigorous monitoring, evaluation and learning systems.

The case of SAGON shows the importance of implementing a simple but rigorous monitoring, evaluation and learning system (MEL). At the end of three years, SAGON is not in a position to provide much very solid evidence on results according to its outcome indicators. This lack of (rigorous, comparable) data affects not only the role of the monitoring system in accountability (both to donors and beneficiaries) but also the potential for findings from monitoring to contribute to both project steering and learning. We recommend that SDC works with its implementing partners to develop functional and rigorous results management systems and ensure capacities are in place to implement such systems. We recommend that SDC holds implementing partners accountable for the establishment and operation of such systems.

Re-think capacity development modalities for civil society. Training is a good start but is insufficient to achieve the kinds of changes envisaged by projects like SAGON. Rather than one-offs like trainings, capacity development needs to be an on-going initiative, funded consistently and with on-going support in the form of coaching. SDC was realistic when its design of SAGON assessed that “ready-made” partners hardly exist in the Nepali NGO context. We recommend that SDC considers taking this kind of instrumental approach even further than it went with SAGON. For implementation partners (Nepali NGOs), a percentage for capacity development could be included in each budget, which would enable consistent capacity development of the implementer over the phase of the project. Capacity development of the implementer could even be considered as a project outcome.

Work on the enabling environment, including support to state institutions. Nepal is in a process of state re-structuring along federal lines, a process that will have implications for NGOs, as well as for civil society more generally. The evaluation team recommends that SDC assess what kind of support may be useful in ensuring that an effective enabling environment for civil society is maintained. While organisations like SDC will continue to fund CSOs (and NGOs in particular) to do things, a necessary complement to that would be to fund work on the conditions that would allow CSOs to do what they themselves want to do. In particular, this kind of intervention might focus on the conditions that would allow CSOs to play the roles described in the Federal Dispatch.

Assess a funding facility to support civil society organizations to engage in evidence-based policy dialogue. Many NGOs in Nepal have become simple service providers rather than considering and constituting themselves as development actors in their own right. As development actors in their own right NGOs should be playing an active role in policy dialogue. As the spaces for policy dialogue multiply in Nepal - with policy at least theoretically being made now at federal, provincial and local levels, there are a lot more opportunities for NGOs to step up as partners. The third pillar in the approach we are recommending is to provide support to CSOs to generate and document evidence to bring into policy dialogue spaces with the state. As new state institutions take root, it is the moment to ensure that civil society has an effective voice at the table and is recognised as a partner in policy development and not only its implementation.

1 INTRODUCTION

1.1 Background

The project “Strengthening Accountability and Governance of NGOs in Nepal” (SAGON) was implemented by the NGO Federation of Nepal (NFN) between November 2014 and December 2017. The project’s financial resources consisted of a contribution from Switzerland to the NFN of approximately 60 million NPR. The project’s human resources were constituted through a mix of positions funded through the project – 5 part-time staff positions in Kathmandu (under the management and facilitation budget) and 5 full-time regional coordinators (under the program budget) – as well as unfunded work carried out by district coordinators and committee members. The project’s overall goal was “to contribute to improved services to the people, especially disadvantaged groups, through a more effective, transparent and accountable NGOs with sound internal control systems and management”. It sought to contribute to two key changes in NGO governance and the governance of NGOs in Nepal:

- NGOs adopt stringent Internal Control Systems (ICS) and principles of good governance for strengthening their internal governance and management capacity
- The NGO Federation Nepal (NFN) and its regional and district chapters effectively backstop and monitor member organizations’ compliance with good governance and management principles.

SAGON was implemented in all 75 districts of Nepal. The project’s primary stakeholders were NFN member organisations.

The NGO Federation of Nepal is a member-based umbrella organisation of NGOs working in the fields of social welfare and development. The Federation was formally established in 1991, following the democratic transformation of 1990, in which civil society played an important role. NFN’s Strategic Plan 2015-2018 envisions building an inclusive, participatory, democratic, prosperous and peaceful society. NFN aims to strengthen CSOs; mobilize citizens to fight against poverty and injustice; facilitate social movements to ensure and protect rights of poor, women and marginalized communities; and to defend autonomy of civil society.

The Federation is the largest of its type in Nepal, with over 6000 members. The NFN has a team of core staff based in Kathmandu, as well as regional coordinators in each of the development regions. NFN members are organised into district and provincial (formerly regional) chapters. In addition to SAGON, the NFN had previously implemented a project on NGO governance funded through the Embassy of Finland (focussing on 7 districts only) and is currently a partner in the USAID funded Civil Society Mutual Accountability Project (CS:MAP).

The implementation of SAGON took place against the backdrop of several eventful years in Nepal, with the socio-economic and political context in different parts of the country affected by: a massive earthquake, the promulgation of a new constitution, protests of the constitution, a blockade of the border and 3 tiers of elections.

In the context of Nepal, SDC’s support (and that of Finland before it) was relatively unique in its willingness to invest in strengthening the organisation itself (both the NFN and its members). The project provided an (albeit limited) opportunity for institutional development to a broad range of NGOs, rather than focussing just on results in specific thematic fields. While a very necessary investment, the results of SAGON confirm that capacity development of this type is a challenging endeavour, particularly when contextual (structural and systemic) factors such as politicisation of the civil society organisations (including NGO sector) are taken into consideration.

1.2 Mandate

In the fall of 2017, SDC mandated a team of three evaluators to evaluate its contribution to the NGO Federation in the form of the SAGON project. The evaluation's Terms of Reference and subsequent workplan identified three topics to assess:

- The project's achievements according to the logframe outcomes: did SAGON contribute to the changes in NGO governance and the governance of NGOs that it set out to?
- The project as per the OECD DAC criteria: was SAGON relevant? Was it implemented in an efficient and effective way? Did it achieve impacts and will its results be sustainable?
- Options for the way ahead in supporting civil society in Nepal, in particular with reference to state restructuring (federalization) and the perceived restriction and reduction in advocacy around issues of inclusion, human rights and social justice.

The evaluation was conducted by a multi-disciplinary and multi-national 3-person team (1 woman, 2 men), with expertise on monitoring and evaluation, auditing and civil society support. The evaluation team presented our findings to SDC and the NFN at mid-term and final debriefings.

1.3 Method

This evaluation is based on a two-part methodology. The first part consists of a literature review of existing studies, mappings, capacity assessments, etc. on civil society in Nepal, as well as specific literature on SAGON (project document, project reports) and more general strategic and policy documents from SDC. The second part is empirical research, conducted by different team members over 15 days in Kathmandu, Ramechhap, Okhaldunga, Kaski and Mahottari.¹ These districts were proposed by SDC on the basis of: ease of accessibility, distribution of hill and Terai districts, mix of areas where SDC has worked for many years and where SDC has less experience. The evaluation team did not visit provinces 5, 6 and 7. The district visits were organised around travel restrictions related to SDC security precautions related to elections.

This methodology gives a relatively detailed and comprehensive quick assessment of the situation. However, the review faces limitations in two respects: both from its limited scope and the limited data provided by the project. Both of these affect the comprehensiveness of the findings reported here. As noted above, the review team visited only a small selection of districts, for a very short period (2 days) and focussing on the district headquarters. The district visits were also affected by some organisational challenges, being organised in a relatively ad-hoc way. While the sample of districts visited and stakeholders interviewed is very small and we cannot rigorously generalise on this basis, cross-referencing with the findings of the literature review and our own professional experience allows us to paint a more general picture.

A scan of project reports (3 Annual Reports) indicates that there is insufficient data to provide a rigorous and comprehensive evaluation of SAGON's performance according to figures reported for the outcome indicators defined in the log frame. While an external evaluation of limited scope cannot substitute for a comprehensive project monitoring system, the evaluation proposed the following strategy to generate at least a partial overview of the outcomes that have been achieved. Triangulating information between different stakeholders and through different sources of

¹ The evaluation team had intended to visit Dhanusha as well, but this was cancelled due to illness on the part of one of the team members. The evaluation team was nevertheless able to conduct one focus group discussion with NFN chapter members in Dhanusha.

information has been key exploring the link between individual and organizational changes in particular NGOs and the eventual wider impact envisaged in the ProDoc.

Evaluation of outcomes defined in the SAGON log frame	Evaluation of relevance, effectiveness, efficiency, sustainability and impact
<ul style="list-style-type: none"> • Questionnaire to primary stakeholders in the five study districts, assessing perceptions of change since the start of SAGON in both own organization and across NGOs in the district.² • Validation and analysis of findings during focus group discussion with selected primary stakeholders during district visits. • Reflection on “plausible association” between SAGON interventions and these outputs during key informant interviews in districts and with national stakeholders. • Validation of assessment of ICS systems through site visits to primary stakeholders by the auditor: 	<ul style="list-style-type: none"> • Review of documents, including SAGON planning and reporting documents, as well as the related national and international strategies (i.e. Istanbul Principles). This method was used to assess: <ul style="list-style-type: none"> • Achievement of outputs vs. targets and the use of resources to do so • Alignment with various key project strategies • Focus group discussions with primary stakeholders in 5 districts. Discussions were structured according to guiding questions to: <ul style="list-style-type: none"> • Validate the findings of the outcome survey • Generate insights into SAGON performance according to OECD DAC criteria • Generate lessons learned • Key informant interviews - Structured according to guiding questions, these focused mostly on other project stakeholders, such as government partners at district and national level and addressed: <ul style="list-style-type: none"> • Perceptions of SAGON performance according to OECD DAC criteria • Assessment of the validity of the project’s theory of change • Lessons learned from experience with SAGON (and similar projects) and recommendations for future support. • Review of NGO charter documents – during the site visit at the NFN member organisation, enquired and analysed dates of issue of such key documents including revision if any to see the impact after training: <ul style="list-style-type: none"> • Policies and procedures in hand • ICS status including Book keeping • Audit status • Tax exemption status • VAT registration, if any • Tax clearance status • Internal audit, if any

² The questionnaire was returned by respondents in only 1 district. In two districts this may be partially attributed to a delay in receiving permission to distribute the questionnaire. One district is too small a sample from which to derive meaningful or representative findings, so we have left it out of our analysis.

Initial findings and observations from the above processes were shared with NFN and SDC through debriefing meetings and feedback were taken into consideration in drafting this report.

2 EVALUATION OF SAGON

2.1 The Context and Development Challenge 2014-2017

Civil society and civil society organizations (CSOs) play a vital role for development and democracy.³ They can provide citizens an opportunity to gain, gather, hold and exchange information, to participate in shaping development policies and partnerships, to initiate and oversee the implementation of these policies, and to claim their legitimate rights as citizens. The important role of civil society for sustainable development was emphasized in the outcome document of the Fourth High Level Forum on Aid Effectiveness in Busan in 2011. The international community therein confirmed CSOs as independent development actors in their own right, highlighting the need for more political emphasis on an enabling environment for civil society. In the same year, CSOs from around the world agreed upon the International Framework for CSO Development Effectiveness and the Istanbul Principles, a set of mutually shared values guiding the development work of CSOs worldwide. They form a basis for promoting CSO development effectiveness, including accountability and transparency. The new European Union approach to engaging with CSOs in external relations has a similar emphasis:

“An empowered civil society is a crucial component of any democratic system and is an asset in itself. It represents and fosters pluralism and can contribute to more effective policies, equitable and sustainable and inclusive growth.”⁴

Nepal has a long history of collective citizen action and civil society engagement, mainly in philanthropic and social development activities and through various informal groups at the community level. Only after the political transformation of 1990 was a more formal space for CSO engagement (including the role of NGOs in community mobilization) officially recognized. Indeed, civil society has served as a vibrant vehicle for social transformation and democratic transition in Nepal and has played a key role in different moments of democratic transition. After 1990, CSOs (including NGOs) have emerged as one of the key players in socio-political spheres of new Nepal. Today civil society actors such as non-governmental organizations, professional associations, community-based organizations, think tanks, labour organizations, academic groups, and the media are active in different spheres of political and socio-economic life in Nepal, including in particular in the field of development.

During consultations with a number of CSO actors, government representatives at national and local level, and selected development partners, a positive appreciation (in general) towards CSOs' role and contributions in further social, economic and democratic advancement of Nepalese society has been accorded. Especially, their advocacy on behalf of the public, analysis of policy issues that affect people's lives, mobilization of constituencies in support of reforms, and monitoring for accountability of government functions have provided important checks and balances.

³ We understand NGOs as one type of civil society organisation. The NFN is an umbrella organisation of NGOs, so part of our report focuses on NGOs. However, when we consider broader issues of the enabling environment we refer to the more general context from which NGOs emerge and within which they operate (civil society). There is a valid question to ask in the context of Nepal (and others) whether service-provider NGOs are indeed “real” civil society or whether they are simply non tax-paying enterprises.

⁴ https://ec.europa.eu/europeaid/node/651_ro

The place of NGOs within the broader spectrum of civil society and the role of NGOs in Nepal's development are questions of longstanding debate. They are also questions that have often been instrumentalised as a proxy for other political debates. There continues to be a tension between the potential for NGOs to be engaged as instruments of public policy – essentially as deliverers of public services - and their potential role as part of (if not convenors of) social movements that may actively contest public policy in certain domains. NGOs thus often face the challenge of trying to act at once as development actors in own right (i.e. legitimacy concerns) and also as an implementation partner for donors, INGOs or government (effectiveness concerns). When SAGON was designed and conceptualized in 2013/2014, the political, social and development context was going through transitions. The role of CSOs and NGOs as advocates for the interests of disadvantaged groups, and the high degree of polarisation of those issues along political and ideological lines, had triggered debate on need for redefined role and space for NGOs and CSOs. Furthermore, the NGOs/CSOs context were characterized by:

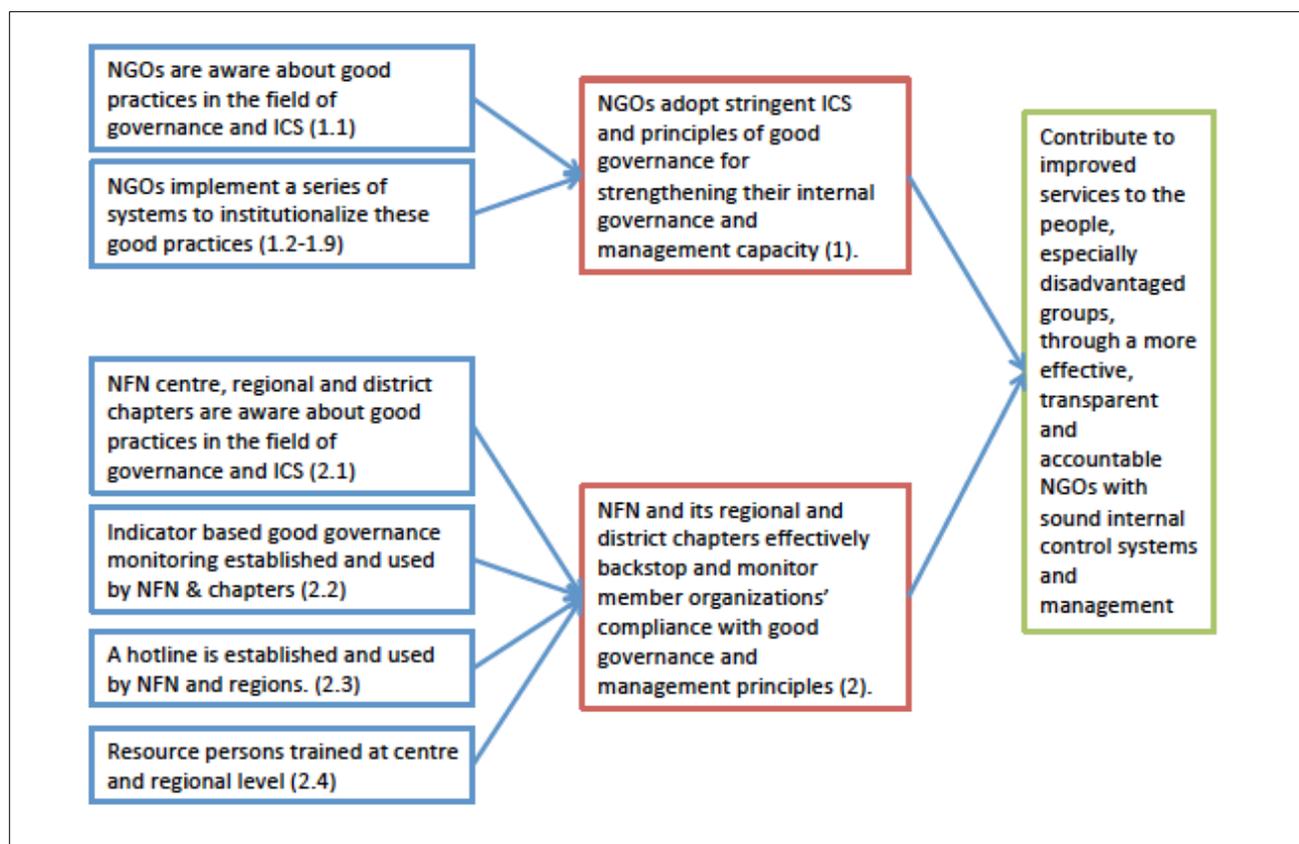
- *Poor internal control systems and institutional good governance:* Despite the key roles played by NGOs/CSOs towards social transformation, their credibility and accountability were largely in debate. Having relatively a short history of the growth and development of modern NGOs/CSOs in Nepal (in official terms, since 1990), the issue of capacity development of NGOs/CSOs remained prominent from the governance point of view. NGOs/CSOs were often criticised for not having appropriate internal control system, governing policies, separation of power, legitimacy of their actions, inclusiveness within the board and committees, and limited coordination with the government and non-government agencies at action.
- *Public pressure for a transparent and accountable NGO/CSO sector* - with the growing pressures from all spheres – government, development partners and the public to become transparent, accountable to their resource providers and the target groups, all these issues above call for an initiative to be taken for enhancing the capacity of NGOs/CBOs/CSOs in the area of institutional good governance, with focus on the process of democratisation and improved governance of NGOs/CSO active in the field of development, that would lead to promote transparency and accountability of Nepali civil society.

Against this backdrop, the SAGON project was conceptualized with key focus on improving accountability and governance among NGOs in Nepal. SDC's analysis at that time was that rather than expecting "ready-made" well governed NGOs to be already present in the CSO landscape of Nepal – just waiting to be potential partners for organisations like SDC - it would be a useful investment to contribute to the institutional development of NGOs.

NFN, being a leading civil society organisation in Nepal, intended to proactively address these challenges with a campaign on institutional good governance of NGOs/CSOs that promote the process of transparency and accountability in their organisations, processes and actions. SAGON fit well to the NFN's *3-year Strategic Plan (October 2012-September 2015)*, which provided NFN a guidance to improve the enabling environment for NGOs/CSOs and to enhance their institutional good governance with explicit emphasis to implement and institutionalize the *NFN's Code of Conduct* and the *Istanbul Principles on CSO Development Effectiveness* in Nepalese context. The conceptualisation and design of SAGON by NFN stemmed from its similar previous experiences gained through supports from ESP/DFID, DANIDA-HUGOU, CCO and the Embassy of Finland. The project thus contributed to addressing the development challenge identified by both SDC and the NFN from their different perspectives through finding a common interest in both strategic and operational terms.

2.2 SAGON's Theory of Change

Drawing from SAGON's Project Document, the project's theory of change is illustrated in the diagram below.



The project's ultimate goal was to contribute to improved services delivered to "the people", particularly to disadvantaged groups through more effective, transparent and accountable NGOs. This goal contains the assumption that either (or both):

- Better governed NGOs will provide services better, in particular services to disadvantaged groups.
- Better governed NGOs will more effective in convening collective action to demand better services, in particular services for disadvantaged groups

This goal firmly reinforces the functional link between NGOs and services (whether service providers or service demanders), rather than viewing NGOs as development actors in their own right.

The two key changes SAGON aims to influence in order to work towards this goal are (1) improvements in NGO governance and (2) improvement in the governance of NGOs. The first outcome targets NFN members and envisages that they will adopt stringent ICS and good internal governance systems. The second outcome targets the more systemic level and the capacity of the NFN itself (to the extent that it takes responsibility for part of governing the system), envisaging a kind of quality assurance mechanism to monitor member compliance with good governance principles. To contribute to these changes, the SAGON logframe plans 14 outputs.

2.3 General Findings

Before proceeding to evaluate SAGON's performance in relation to the project's outcomes and in relation to the OECD DAC evaluation criteria, we would like to outline some general findings about SAGON's theory of change and implementation approach.

SAGON's logframe and theory of change contain a number of design flaws. These flaws result in a theory of change and output-outcome-impact relationship that are improbable when the political economy of the civil society sector in Nepal is considered. Therefore it is not surprising that our evaluation of SAGON's performance in relation to the project's defined outcomes is relatively critical. Even in the best of circumstances, the project's envisaged results would have been difficult to achieve.

SAGON's monitoring system is deficient, which means that it is difficult to make any rigorous statement about project results beyond the level of activities and (to a very limited extent) outputs. A baseline is lacking, which means that it is impossible to report on indicators that refer to percentage changes. Most of the 32 indicators in the logframe (including output indicators) refer implicitly to measuring a change, while 8 clearly say "percentage increase". While it might otherwise at least be possible to compare the reports of absolute figures given in two of the three annual reports (no outcome figures are given in the 2014-15 report), a rigorous comparison is rendered impossible by the fact that the sample sizes vary significantly between the 2015-16 and 2016-17 reports.⁵ Similarly, additional data on ICS systems and governance (workforce diversity) covering three years provided by NFN cannot be compared across years due to different samples. Furthermore, even if it were possible to report on outcomes, there is no reflection in the Project Document on the question of the (significant) attribution gap. SAGON is clearly not the only factor influencing its members' governance and indeed external factors were clearly highlighted to us as the main motivation behind transforming knowledge gained through SAGON into observable changes in NGO governance (i.e. outcome 1). For these reasons, wisely, SAGON's reports focus primarily on activities.⁶

The roles of implementer and primary beneficiary are somewhat mixed: SAGON is implemented by the NFN but NFN members are the main beneficiaries. Thus it is a little unclear who influences what. For example, output 1.1 and 1.2 seem to be basically overlapping as the NFN is a member-based organization. This also creates some confusion as to what are outputs and outcomes. If NFN members are the beneficiaries (as is stated at several points in the project document), then outputs 1.2-1.9 are more appropriately outcomes of one main output (awareness raising - 1.1). This seems to have been the perception in practice, as our respondents in the districts seem to have felt themselves more the subject of the project than its owners/implementers.

If the only defacto output under outcome 1 is awareness raising (because the other outputs are not within the scope of the project's control but that of its beneficiaries), then this output is clearly insufficient to achieve the intended outcome. A series of short trainings may be sufficient to raise awareness but is not sufficient either to build the capacities that would be needed to ensure that NGOs across the country adopt improved governance and IC systems nor to seriously affect the various incentives and disincentives influencing why NGOs do not currently have such systems in place. A whole series of additional outputs beyond awareness raising would be needed to achieve the objectives formulated in the logframe as outputs 1.2-1.9, not to mention

⁵ These reports do set and report on annual targets, however.

⁶ A similar tendency is evident in NFN's reporting for other projects.

outcome 1. Furthermore, as noted above, according to our respondents the main factors influencing the actual achievement of Outcome 1 were the availability of external resources (i.e. support to develop a GESI strategy) or the existence of outside incentives (i.e. bidding requirements from government or donors).

While outcome 2 seems to suggest that some thought was put into incentives and disincentives, it assumes that there was political will within the NFN to enforce such a compliance system and/or that NFN members perceive monitoring compliance with governance principles to be a legitimate function of the NFN. In practice, it seems that neither of these were the case. Outcome 2, which would have influenced the achievement of outcome 1 (eventually in a possible virtuous cycle), never moved beyond the piloting stage. While this is perhaps a realistic achievement for a three-year project, this is not the achievement the Project Document aims for. Furthermore, a similar type of initiative was already piloted by the NFN in 7 districts in the framework of its project “Promoting NGO Governance and Accountability in Nepal” (2012-2015, funded by the Embassy of Finland).⁷ It is unclear to what extent SAGON benefitted from the learnings of this project, in particular the governance monitoring initiative, or to what extent initiatives were or could have been coordinated.

Thus while SAGON focused almost exclusively internally, it did not acknowledge that the main factors influencing the achievement of its outcomes were external (funding, requirements) or quasi-external (political will). Even if these factors had lined up favourably, achieving such ambitious outcomes in such a limited time (3 years) and in such a challenging context would have been very difficult. Really implementing such ICS and governance systems implies a culture change on the part of many NGOs, beyond simply tasking consultants with producing various strategy and operational documents. Culture changes such as this take time, even when driven by strong political will.

In addition to these design flaws, which a more grounded and politically sensitive analysis at the planning stage might have avoided, the years during which the project was implemented were politically turbulent. Given the very tight imbrication of political and civil society in Nepal, this means that issues of NGO governance (though clearly important and not unrelated to the political issues being contested) may not have had top priority for the concerned stakeholders. Furthermore, in a context of many competing demands, three different National Program Officers at SDC were responsible for the project over its lifetime, making a consistent follow-up challenging.

For these reasons, and the highly questionable choice to spread limited resources thinly over the whole country, it is not surprising that SAGON has struggled to achieve the results envisaged in its project document. A more comprehensive and grounded political economy-type analysis, one that assesses both the will and skill of NFN members at district level, would perhaps have suggested a different theory of change and implementation approach (see our recommendations). The critical comments on SAGON’s implementation in the following sections should thus be read in relation to the foregoing critique of the design itself.

⁷ Key activities (as per the project’s final report) included: developing policy guidelines and indicators on monitoring NGOs’ institutional good governance, forming a multi-stakeholder NGO monitoring committee in Kathmandu, forming multi-stakeholder NGO monitoring committees in 7 districts, monitoring a sample of NGOs (355) and providing a certificate of excellence to selected NGOs.

2.4 Assessment of SAGON's Performance

The evaluation team's assessment of SAGON's performance may be summarised as follows:

Quality	Comment
Relevance	Highly relevant to: Swiss Cooperation Strategy, Switzerland and Nepal's international commitments, Nepal's development strategies, amongst others.
Efficiency	On the basis of available evidence, human and financial resources were used in an efficient manner. The costs booked for different activities are reasonable. The project seems to have benefitted from significant unpaid labour/ volunteer contributions from NFN members (the true scale of which is unclear, as not documented).
Effectiveness	Effectiveness difficult to assess due to major weaknesses in the project monitoring system. Planned activities seem to have been implemented, but there is limited data to assess whether these were effective in achieving intended results. Available data, including that collected during the evaluation mission suggests, that project design did not sufficiently account for issues of political economy and power, affecting whether the limited capacity development facilitated by the project (trainings) would result in changes at the scale envisaged in the project outcomes. However, the project seems to have been effective in ensuring that NFN members are aware of the importance of basic issues relating to internal governance. With the limited time and finances, choices such as operating at the scale of 75 districts likely limited effectiveness even further.
Impact	As above, difficult to assess beyond the limited data collected during the evaluation mission. Achieving the impact defined in the project logframe would require a different kind of intervention than SAGON – in particular more time, financial resources and a more fine-tuned “systemic” political economy assessment of civil society governance, the governance of civil society and its various imbrications with political society.
Sustainability	There seems to have been limited reflection on how to ensure sustainability of the institutional mechanisms established through the project, which would themselves have required more time and a different approach to move beyond the stage of piloting. It is possible that some of the outcomes the project contributed to, in particular raised awareness, may be sustainable. But whether this will lead to sustainable changes in how NGOs operate will most likely depend on other factors, including terms and conditions set by government actors and development partners.

2.4.1 Relevance

SAGON was highly relevant to Swiss and Nepalese strategies, commitments in international fora and the context in Nepal at the time (and today).

Relevance to Swiss Cooperation Strategies: SAGON was relevant to the Swiss Cooperation Strategies in place at the time of its formulation. While the Dispatch on Swiss International Cooperation for the years 2013-2016 does not emphasise civil society support, it does place high priority on supporting democratic systems and on creating an enabling environment based on democratic principles and good governance. If we understand civil society as a key actor in democracy, and that a civil society with weak legitimacy (caused, amongst other factors, by bad governance) cannot play an effective role in a democracy society, then SAGON was clearly relevant. This point is emphasised in the Swiss Cooperation Strategy (2014-2017), which also notes operational considerations following from this:

“The Nepalese civil society is also an important partner of the Swiss Programme, although some Civil Society Organisations (CSOs) have their own weaknesses, especially in the field of corporate governance and financial management. It will therefore be important to follow how these institutions succeed in improving their own management record and indeed how they themselves are impacted by the evolving political situation before deciding to shift significantly from public to civil society partners.”

SAGON was clearly designed to facilitate such an improvement in internal governance that would enable civil society to continue to be a suitable implementing partner for donors like Switzerland. The Strategy envisaged that Nepalese actors, such as local and national authorities, civil society and private sector play an increased role in implementing project supported by Switzerland. The Strategy thus also targets civil society (amongst others), with in the following lines of intervention:

- Capacity building of relevant stakeholders for satisfactory and effective service delivery (beneficiaries, private sector and NGOs and government authorities).
- Institutional capacity building for public and private partners as well as strengthening Nepalese stakeholders systems to implement programmes.

Relevance to international commitments: SAGON was also clearly relevant to Switzerland and Nepal’s commitments in various international fora related to civil society specifically and aid effectiveness more generally. For example, participants in the 4th High Level Forum on Aid Effectiveness in Busan in 2011 agreed to encourage CSOs to implement practices that strengthen their accountability and their contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness. The Sustainable Development Goals 2030 also foresee an important role for CSOs in all 17 SDGs as part of global, national and local consultative, programmatic and monitoring/evaluation processes and their most important contributions as advocates and watch dog to ensure the interests of the target groups that are highly affected by the issues of global concern. NFN, the implementing agency of SAGON, and one of the key umbrella organizations of NGOs/CSOs, is assigned to play the role of secretariat for organizing CSO consultations in Nepal on SDGs.

Relevance to the Nepalese context and of the specific development problem defined in the Project Document: The Project Document notes that “The issue of capacity development of NGOs/CSOs still remains to be prominent from the governance point of view. Often NGOs/CSOs have been criticised for not having appropriate internal control system, governing policies, separation of power, legitimacy of their actions, inclusiveness within NGOs/CSO, coordination with the government and non-government agencies at action”. In this context, the evaluation team found that the topic of NGO governance and accountability was assessed by all stakeholders as having been of very high relevance.

At the time of project inception, and also today, NGO governance and accountability, remains a significant issue in the context – reports of bad governance and limited accountability damage the legitimacy of NGOs and civil society more generally. Furthermore, as most development cooperation activities in Nepal are implemented through NGOs, the governance (and legitimacy) of these partners is an issue of high relevance for development partners and government. The specific focus on internal control systems (ICS), the Istanbul Principles and the NFN Code of Conduct were assessed by all stakeholders as having been relevant entry points for work on NGO governance. While the focus was assessed by focus groups of NFN members as having been relevant, it was apparently not decided in consultation with district chapters.

In these contexts, SAGON's efforts to strengthen the principles and practices of accountability and governance among NGOs (part of the CSOs) are considered highly relevant towards contributing to an institutional framework required for effective and result oriented performance in relation to their target groups (in particular disadvantaged groups). Nepal's national development strategies and policy framework at national and local level have well recognised the role of NGOs/CSOs as key partners in development. There are number of policies, acts and guidelines in existence elaborating legal and administrative frameworks (registration, renewal and public disclosures of CSO/NGO activities, their results and associated financial details) - which actually aim for ensuring accountability and governance among the NGOs/CSOs.

2.4.2 Efficiency

SAGON's results are mixed in terms of efficiency. From the data available, it seems evident that SAGON used its resources in an efficient way in the sense that the expenditures recorded for the different activities are reasonable. However, as the monitoring system is deficient, it is challenging to establish a relationship between these costs/expenditures and SAGON's results. Thus we are not in a position to assess efficiency in a cost-benefit sense, only in a cost-activity sense. The following are the evaluation's key findings regarding SAGON's efficiency:

- SAGON was implemented with a relatively small project team – a core of mostly part-time staff (50-75%) in Kathmandu and five regional coordinators (full time). The project seems to have benefitted significantly from significant non-remunerated contributions from NFN members, in particular district coordinators and district chapter members. This is both a strength and weakness. On the one hand it was essential to making the project work at all on the scale of 75 districts within a limited budget, but on the other hand, it also meant that contributions varied between districts and also varied depending to other priorities and commitments of the district coordinators and district chapter members. Some of these members were nevertheless remunerated in another way through being engaged as Trainers. As the non-remunerated time was not recorded, it is difficult to say what scale of human resource investments was actually made in SAGON.
- The distribution of expenditures between the different budget heads is appropriate for a project of this type, indeed management expenditures are relatively low. Expenditure figures indicate that 2% of the budget was spent on overhead, 17.8% on management, 38.5% on Outcome 1 and 41.2% on Outcome 2. Note that the salaries of the five regional coordinators appear to be booked as a program expense under Outcome 2.
- The latest budget figures provided to the evaluators suggest that there is a balance remaining – 2.1 million NPR, including interest of 0.47 million NPR (as of 30.11).
- The latest project annual report (July 2016-July 2017) suggests that 2113 NGOs were reached through project activities (principally trainings), including 2415 individual participants (of which 1117 women, 46.3%). Taking the annual report number, the cost per participant is approximately 5089 NPR (based on 3 reported activities, assuming an average 3 days training). Additionally, 124 people were trained as trainers of trainers (ToT), of which 34 were women (27.4%). This works out to a cost per participant of approximately 31,500 NPR for a 5 day training (based on 1 reported activity). These are reasonable figures for organizing trainings of this kind in the context of Nepal, and suggest an efficient use of resources.

- A simple division of the budget by the number of districts (75) suggests that SAGON invested approximately 166, 000 NPR per district. This figure gives an indication of how thinly project resources were spread when stretched out to the whole country.

2.4.3 Effectiveness

SAGON appears to have been limited in its effectiveness – particularly insofar as outcomes are concerned - by an improbable theory of change and an inappropriate implementation approach. SAGON reports present a generally positive picture of the project's effectiveness in achieving project results, but tend to focus on the activity level. Beyond reporting on activities, SAGON is not in a position to report on its effectiveness in terms of outputs or outcomes, partly due to design flaws in the logframe and partly due to an ineffective project monitoring system. Most of the project's (many) outputs defined in the logframe are actually outcomes, with change-oriented indicators. As the project has no baseline and a different data set year-on-year, it is not possible to assess with confidence whether these outputs (actually outcomes) have been effectively achieved. The situation is the same regarding the project's outcomes. As the data from the monitoring system is not useful in assessing effectiveness, the following conclusions are based on the findings of the evaluation mission.⁸

SAGON appears to have been effective in organising its less sensitive information and awareness – oriented activities, such as trainings, and less effective in organising the more sensitive change – oriented activities, in particular a governance monitoring mechanism (with or without teeth). The main activities that would have contributed to ensuring the effectiveness of the capacity building (i.e. that would have created incentives for implementing the learnings or that would have institutionalised some potential follow-up) did not proceed beyond the piloting level.

At district level, our findings suggest that three situations exist among NGOs (NFN members):

- (1) NGOs that made changes to their ICS and governance systems to align with NFN Code of Conduct and Good Practice,
- (2) NGOs where such changes were in progress,
- (3) NGOs that had not made changes.

The first category is NGOs that have already adapted the new learning into their official documents and processes, including designing new guidelines and rules. This category mostly consists of NGOs that have significant external resources (projects). Our respondents noted that the motivation for making these changes was generally also due to external factors such as requirements for project bidding. The second category of NGOs are those that have become more aware about ICS and governance issues due to SAGON trainings (and other influences) and are in a process of revising and improving their documents and processes. The pace of this change however, as for the first category, is largely influenced by external resources and requirements. The third category includes NGOs that have not instituted any changes. This category includes those NGOs whose standards are already at required levels, and those that have so far have not taken any steps to improve their documents or processes.

⁸ As noted earlier, the evaluation team had proposed to survey NFN members in the five districts we visited to learn more about outcomes (see Annex 4). However, as the completed surveys were returned in only one district (at the time of writing), we are not relying on these results for this report.

Examples of cases where SAGON has triggered changes in organizational practices

Sayapatri Sanstha (Okhaldhunga) has recently adapted their statutes and developed a number of manuals and guidelines making their board structure more inclusive by incorporating provisions for women and Dalit representation in its daily board composed of the 5-office bearers; similarly, financial management manual, human resource and personnel management manual, gender equity and social inclusion guidelines, adaptation of M&E guidelines with addition of public audit in the framework. 'All these were done after the ICS and Governance training conducted by NFN district chapter Okhaldhunga with SAGON support' (Tika Kumari Bhujel, Programme Coordinator of Sayapatri Sanstha).

Naulo Ghumti Nepal (Kaski) has been using the reference materials from SAGON ICS and Governance training in supporting community-based organizations and groups in their health and livelihood programmes. Similarly, the SOS Bahini (Kaski), who had faced a difficult time due to problems in its internal governance and transparency, has been now using the social audit method they learned from SAGON supported training. 'We have institutionalized a system of multi-stakeholder consultation and all-inclusive annual meetings where the parents, community/neighbours, suppliers, local government representatives, NFN representatives, the children staying in the shelter run by SOS Bahini discuss their perspectives, ideas, and issues openly. This has resulted in regaining our good image.' (Shova Pahari, Executive Director, SOS Bahini).

Several respondents suggest that the distribution of NFN members between these groups is approximately 1/3 in each, but this has not been verified. If this were the case, it suggests that SAGON may have been effective in contributing to change in some 2/3 of its members.⁹ However, it is unclear to what extent these changes can be attributed to SAGON and our respondents suggested that while SAGON may have provided knowledge the impetus and resources to implemented changes tend to come from other sources (in particular government and donor requirements for bidding for and implementing projects).

It is difficult to assess the effectiveness of the key activity SAGON implemented: trainings. We were informed by training participants that pre and post training tests were done, but this data was not made available to the evaluation team (at district or central level). Training participants, when asked for the key learning they remember from the training, or an "aha! moment" they had during the trainings, gave quite general answers. Particularly when it came to the ICS trainings, highly technical issues, participants said they were only starting to understand by the end of the training. In this question, and in general, our findings concur with those of the evaluation conducted for SDC by Kuber & Co (March 2016).

The only written material made available to participants were copies of the power point presentation slides. While a manual was prepared by NFN under the auspices of SAGON it was intended only for trainers. It was not printed and while some trainers appear to have distributed soft copies to training participants for their reference, this was not a generalized practice. Training participants we spoke to were not aware of any follow-up activities having occurred after the training, whether to reinforce or deepen learnings. Participants were left on their own to figure out how to apply what they had learned in practice, with limited resource materials. It seems, on the basis of our limited set of data, that no specific responsibilities were assigned to the resource persons after the training (even in

⁹ The evaluation team was able to verify that 3 NGOs had instituted changed systems, out of 11 analysed.

their own district). Some may have continued working with or being available to NGOs, but this depended largely on personal initiative and pre-existing relationships.

In addition to the training method and learning materials, we can ask question about the effectiveness of the selection of participants. Although criteria were set for participants, it seems that in many cases these were not necessarily followed in practice. Thus the ICS training could have been attended, for example, by someone with no prior knowledge or (more importantly) no institutional responsibility or authority for ICS within their NGO. The training thus in some cases ended up more as a training for individuals rather than as a contribution to institutional development.

We would like to highlight two practices that we encountered in our research that were effective and which should be considered by NFN going forward. The first is that district resource persons conducted trainings in another district than their own. SAGON learned that it was difficult for resource persons to provide trainings to their peer NGO staff in their own district, and so adapted the approach. This was useful in ensuring exchange of good practices across districts. Secondly, the district of Dhanusha had an interesting approach to targeting the trainings. The district NFN chapter categorized its partner NGOs by the quality of their governance and ICS systems – group 1 having all proper processes and mechanisms in place, group 2 has some and group 3 have none. The training provided through SAGON was targeted towards those NGOs in groups 2 and 3 only.

The effectiveness of SAGON's implementation was hampered, our analysis suggests, by the project's highly centralised structure. Informants at NFN headquarters spoke of a perceived lack of cooperation by the district chapters, whereas the district chapters spoke of a perceived lack of ownership. From the point of view of the district, the project was owned by NFN headquarters who provided instructions and financing for activities but limited interaction beyond that. Clearly the project's ambitious scale was also a factor here, as building ownership in 75 districts would have required much more coordination than the project budget enabled. District chapters, our limited range of informants suggest, also contributed to this centralisation and upwards accountability by simply directly transferring requested data (i.e. data on NGO ICS systems), rather than also using for district-level analytical and planning proposes. However, our analysis shows that this picture regarding cooperation/ownership cannot be generalised. The picture is somewhat mitigated by our findings in Kaski. This district housed one of the project's five regional coordinators and the closer interaction between the district chapter and regional coordinator appears to have led to a much higher perception of ownership of the project than in the other districts we visited.

2.4.4 Sustainability

The question of sustainability receives very limited attention in the SAGON project document. Since the project intended to contribute towards bringing changes at the institutional level through improvement of internal control systems and governance practices, there could have been some structural thoughts on how the skills and knowledge contributed by the project could have been sustained and institutionalized. The evaluation mission assessed whether such arrangements existed and had worked as sustainability mechanisms for SAGON contributed process and results in the areas of accountability and governance. Consultation by the evaluation team with various actors at national and local level (in selected districts) brought up following observations and thought that are relevant to the sustainability discourse in relation to SAGON.

- *Increased awareness among the participating NGOs (mostly NFN members) - a general realization on importance on accountability and governance by the NGO officials and staff*

will remain in the sector; NFN central committee, regional chapter and district chapters view this as one of the contributions of SAGON that will be sustained through use of the knowledge and skills in their future programmes and activities.

- *Contribution towards NFN Chapter Capacity Development:* through the support of SAGON, the NFN chapters were involved in identification of resource persons (who also received ToT of 5 days at regional level), selection of ICS and Governance training participants, managing the training events, reporting and dissemination of the materials for interested NGO officials and members. All these have contributed towards developing capacities of the involved NFN chapter for project management. However, no specific responsibilities to the chapters were assigned for systematic follow-up and institutional support; this absence of (or weak) institutional mechanism for sustaining the project results (such as addressing the demand from NGO members for supporting them in improving ICS and Governance related practices) is one of the opportunities that SAGON design seemed to have missed out.
- *Push and pull factors for sustainability of the SAGON contributions to accountability and governance are there:* External factors such as the mandatory legal and administrative requirements to become transparent and follow the principles of inclusive governance and the donor requirements as part of the due diligence process to have various official policies, guidelines and regulations in place to qualify for applying for external funds might contribute towards sustainability of outcomes (i.e. evidence of ICS required for funding).
- *Limited links with the broader context:* Despite of its relevance as well as broader acceptance, the project appears to have been very internally focused, seemingly limited mechanisms for stakeholder engagement including for sharing of lessons learned on capacity development of NGOs.

NGOs consulted observed that SAGON has contributed a lot towards awareness, knowledge and realization for the importance on ICS and organizational governance, however now with the end of project inputs, there is a big challenge for continuity and sustenance of the process and results by NFN only. Organizing and mobilizing the Local Resource Persons (who were provided with ToT by SAGON at regional level) for further training, dissemination and follow-up support at district level would contribute in sustaining the results on SAGON. A best practice had been observed where the trainees from ICS/Governance training in Sindhuli have organised themselves as a messenger group where sharing and exchange of experiences, knowledge and insights related to their work take place.¹⁰

2.4.5 Impact

As the project mostly focused on the institutional aspects of accountability and governance, at times it is hard to see the broader impact of the efforts made by SAGON. While talking to journalists at the districts visited by the evaluation team, a general reflection on the NGOs work have been quite positive lately compared to 2-3 years back (though we did not have baseline to compare with), with NGO work receiving good coverage and screening by public media (NGOs have started involving multi-stakeholders for M&E of their activities (joint field visits, reviews and sharing of progress reports). There has also been stringent follow-up and monitoring by the government and the

¹⁰ This piece of information was related by a Sindhuli-based SAGON TOT interviewed in Ramechhap. The review team did not visit Sindhuli.

development partners on the performance of the NGO sector, all contributing towards improved accountability (not only for upward accountability but also downward accountability).

- As discussed above, there are indications of changes in ICS and Governance Practices among the NGOs, however it is hard to attribute only to SAGON contributions – but definitely there are best practices in the areas of improved accountability (public hearing, disclosure of budget and expenses, compliance to annual external audit, etc.); internal governance (e.g., HR management – recruitment of personnel, etc.); separation of governance and executive function);
- SAGON has left a positive impact on the level of understanding and realization on importance of internal control system, governance, code of conduct and areas of legal and administrative compliance. As the NFN, central executive team in one of the consultative meetings observed, 'At least now some NFN partner NGOs are aware of what would need to be done to meet legal and administrative requirements for the accountability and governance aspects of their organization/s'.
- Further activities could still be done to reinforce the impact of SAGON somewhat further. For example - documentation and Dissemination of Good/Best Practices (such as ICS training Manual, Governance Manual, OD Guidelines/Manual, COC document, etc.) should still be done at regional and national level – this will create a knowledge depository for future use by initiators of similar projects or thematic support by development partners.

2.5 Assessment of SAGON Outcomes

2.5.1 Outcome 1

According to the project's own reporting, only 2 out of 9 targets for outputs under outcome 1 were achieved in the 2016-2017 reporting period. The outputs exceeding targets under outcome 1 include: i) NGOs are aware of ICS, NGO Act, Code of Conduct, principles and practices of NGO management and good governance (2113 NGOs reported with positive score against the target of 1817 NGOs), and a total of 91% NGOs scored positively against the target of 70% on the output, ii) 'Participatory project planning and steering mechanism established (or strengthened)'.

One of the key changes for outcome 1 reported by all interview partners included that the project has contributed in raising awareness about the NFN Code of Conduct, Istanbul Principles, good governance and Internal Control Systems among the NGOs, in general. Also, there have been some reporting of NGOs having introduced new governance or IC systems after the trainings, but attribution remains unclear (the trend seems to be that this happened at the instigation of external influences such as mandatory requirements by the government – legal and policy frameworks and/or stringent due diligence criteria of donors/development partners).

Similarly, another observation from the field concurred with a situation where there is limited evidence of the knowledge having stuck with the training participants, and much less anchored in the institutions (unless on personal initiative of the trainee if she/he happened to be the key person from the Board/office bearer position). Our limited sample suggests that no structural and systematic follow-up after the trainings were conducted neither by the NFN district chapters nor by the resource persons – this might have been addressed by the project design, which seems to be a missed opportunity in this case.

The evaluation team was informed that as part of the training, all participants had filled in pre and post-training assessment forms for their respective organizations in-terms of the situations on ICS and governance. However, it seems that no compilation, analysis and preparation of a follow-up plan (organization wise action plan with commitment from the trainees/participants) were prepared in the districts. This could have served as a very good instrument and process for ensuring embedding of the skills and knowledge from the SAGON trainings in participating NGOs. NFN still can think of collecting all possible filled-in forms for selected districts and compile the information to generate evidence-based knowledge on the internal control systems and practices, accountability and governance among its member NGOs.

As highlighted in the ICS training assessment report conducted for SDC by Kuber & Co in March 2016, the 3 days training on “NGO management and Internal Control System” provided by TOT to NFN members focused on extended areas beyond the concept of ICS. The evaluation team believe that although it covers beyond the concept of ICS, it generally covers all the aspect of NGO operation and the contents are more practicable in nature and may be considered as pre-requisite in the context of objective of the project.

In order to assess what parts of the learnings from SAGON trainings were actually implemented in practice, the evaluation team conducted site visits at NGOs that had participated in the trainings. During the course of site visits at the 11 selected NFN members in 4 districts, the evaluation team found the following issues which may be considered critical in nature. Several of these indicate that there remain both gaps in knowledge about IC systems and gaps in translating what knowledge there is (which may have been gained through SAGON) into practice. NFN may wish to take note of the following issues for further strengthening ICS and developing strategies for supporting its members going forward (including, in particular, the outsourcing of significant components of the financial administration systems):

- a. Having family members on the board/ operation still exists. The evaluation team noted in 1 case, both husband and wife run the NGO as CEO and president (formerly both positions had been held by the husband, but NFN district chapter informed the NGO that the same person should not hold both positions).
- b. The concept of separate “governance” as oversight body and “operation” appears to be managed in line with the Code of Conduct but differs in practice as then the chairperson/ board members become program coordinator or enjoy some other position while handling the project whenever there is opportunities. This is likely because board members cannot take direct monetary benefit from their position, whereas program coordinator positions over different remuneration opportunities.
- c. Some NGOs maintain lists of fixed asset and reported this as annex to the annual report but no fixed asset “register” as such was in place except those of number 1 categories operating as active NGOs. Further, there was no evidence of having conducted a physical verification by an independent person other than a custodian.
- d. Insurance coverage of fixed assets still to be practiced in true spirit. The reason for not procuring insurance coverage is mainly due to acceptable level of financial risk against loss of assets as compared to annual insurance premium and hassle to get the refund after claim.
- e. Due to the requirements of the rule 56 of Value Added Tax (“VAT”) Act - to be eligible to bid under public procurement, some NGOs were forced to register in VAT (196 NGOs registered in VAT as per compiled data provided by NFN). However, no/ limited compliances of VAT

Act were observed. Generally, all these functions are outsourced to a third party and the NGO management are unaware of the compliance required, if any.

- f. Some of the NGOs failed to complete the audit and get the renewal in due time i.e. within 3 months from the end of fiscal year, as required by Association Registration Act and Income Tax Act of Nepal (and as noted in the NFN training manual).
- g. One NGO reported project wise audited Financial Statements (“FS”) and not a consolidated one for the organization. This NGO was aware of the need for a consolidated FS but did not prepare one in practice. The audit was conducted by Registered Auditor.
- h. One NGO reported audited FS including a “profit and loss account” and paid corporate taxes in spite of having registered as NGO and obtained tax exempt status. Management was not aware of the fact/ concept since this was handled by third party (outsourced). The audit was conducted by a registered auditor.
- i. In one case, a mismatch was noted between cash outflow for “purchase of fixed assets” as reported in the cash flow statements and actual purchase reported in the schedule of fixed assets as shown in the audited FS. Management agreed but could not explain the reason since it was handled by third party. The audit was conducted by a registered auditor.
- j. In one case, although the auditor (Chartered Accountant) issued a “qualified” audit opinion, which is considered serious in nature, the organization was still rewarded as “best internal control system in place” by the NFN-district chapter. During discussion with the management, it appears that they are not aware of the meaning of the term “qualified”.
- k. Although all the NGOs have conducted an annual audit, there is no practice in place to issue a Management Letter by the auditor to notify the management of any issues related to financials, internal control or compliances in the organization. However, in one case although the management is said to have received a Management Letter (audit conducted by CA) it was not shared with the evaluation team citing it as a confidential document.
- l. There is no system of conducting internal audit by the NGOs. It appears that they are confused with the term internal and external audit.
- m. The “active” NGOs have systems in place for issuing appointment letters including job description. While the selection process may followed human resource policies, external influence while selecting the candidate cannot be avoided due to the political situation.
- n. NFN members are confused whether the new Labour Act is applicable to them or not (earlier NGOs did not come under the purview of the old Labour Act). Since there is no provision in the new Labour Act which allows exemption to NGOs, we are of the view that Labour Act is applicable to NFN members and its implementation is the responsibility of its members.
- o. One NGO suggested that they benefited in terms of compliance with rules and regulations and being able to successfully win more projects having implemented the recommendations from Chartered Accountants during the audit of their financial statements, as compared to an audit conducted by a registered auditor previously.
- p. Due to the unavailability of a tax office in the districts, NGOs outsource the compliance requirements of tax and VAT to a third party. To reduce travel and assist with process-management NGOs hire a third party to assist them to file a tax return in tax office located at some distance, even in a different district. It was noted that NGOs of Okhaldhunga report to a tax office in Lahan and NGOs of Ramechhap report to a tax office in Bhaktapur districts (in both cases, a significant difference).

2.5.2 Outcome 2

As reported in the year-3 progress report (up to July 2017), the achievements under outcome two included: 124 resource persons (with ToT) developed for enabling them to facilitate training on ICS and Institutional Governance of NGOs; Indicator Based Governance Monitoring (IBGM) piloted in Rupandehi, Morang, Makawanpur, Dang and Bajhang. Similarly, hotline service system has been introduced in Kaski, Udayapur, Rautahat, Banke and Kailali. An internal progress report prepared by NFN, indicates positive changes in the governance monitoring system of NGOs in piloted districts (IBGM piloting report 2017). An interesting observation is that Finland Embassy supported “Promoting NGO Governance and Accountability in Nepal” (2012-2015) implemented by NFN had also introduced a governance monitoring instrument (similar, but different to IBGM) in its 7 programme districts, however utilization of previous experiences and institutional memory for the similar initiative in an overlapping period seemed to be missing.

Overall, we found it difficult to assess or observe changes under outcome 2 – the main activities were only piloted in a small selection of districts, and the pilot districts for IBGM monitoring (for example) were not visited by the evaluation team. A visit to a pilot district for the hotline was conducted to Kaski, however the results were not impressive. The evaluation team found that what is called a “hotline” seems rather just like one of the functions of a district coordinator: (1) there is only the normal phone number, responded to only during office hours, (2) reportedly, there is no TOR for the hotline concept or specific description of the work required¹¹ (3) No systematic records and documentation of the issue, questions, type of information requested by the NGOs were maintained.

District level NGOs members report receiving limited backstopping support for translating the learnt skills and knowledge from the trainings and capacity development support into action (as described earlier under outcome 1). The achievement of outcome 2 and related outputs and indicators are dependent on the institutional mechanisms for follow-up support to the trainees after the trainings, however considering the limited capacity of the NFN chapters in most of the districts (not having fulltime staff, basic level of office facilities and availability of resource persons, etc.) did not provide a conducive institutional mechanism. Even the design of SAGON overlooked the district situations; other than the full time regional coordinators and central staff (who were part time project staff), all other human resources requirements were assumed on volunteer basis so time available for envisaged follow-up activities was limited, depending on personal initiative of the leadership and staff. Another reason, that might have hindered for an effective role of NFN as facilitator is linked to its position vis-a-vis NGO members which actually makes the backstopping and, particularly, monitoring role difficult (e.g., legitimacy to monitor?). Overall, the effectiveness of outcome 2 – as per the objectives stated in the ProDoc and logframe - remains questionable. This outcome essentially did not advance beyond piloting, as NFN is not necessarily in a position to monitor and enforce their own members, which was not the intended outcome.

¹¹ This was reported at the district level. However, a guideline for the hotline was shared with the review team in Kathmandu. We conclude that this information has been developed but perhaps it is not yet fully shared at the district level.

3 REFLECTIONS ON THE WAY FORWARD

3.1 Update on the Context and Development Challenge Ahead

As noted earlier, the implementation of SAGON coincided with a number of significant developments in Nepal's political context. As most of these have implications for the enabling environment for civil society, we would like to provide a short update on the current context and development challenges ahead. Civil society – the space within which most NGOs emerge and within in which they at least ostensibly operate – is essentially a “relational” space. It is defined in terms of that which it is not – it is not the state and it is not the market. Civil society exists as an alternative – in being non-state and non-governmental (and non-market) it potentially constitutes a vehicle for people to think about and participate in development and social change in ways that would not be possible in other contexts. Significant changes in either of these two spaces have bearing on the opportunities and constraints for the space of civil society, for its distinction as an alternative, particularly in contexts in which they are all as deeply imbricated as in Nepal.

In 2015 Nepal promulgated a new federal constitution – the implementation of which has wide-ranging impacts, including on civil society. As Nepal implements the new constitution, including new policies impacting civil society, the government has the opportunity to revise more than one hundred laws, and faces the challenge of doing so in a way that will achieve more inclusive and effective governance. For example, article 51(j) of the constitution empowers but also tasks the Government of Nepal with pursuing policies that relate to social justice and inclusion, including by adopting a “single door system” for “the establishment, endorsement, engagement, regulation and management of community-based and national or international non-governmental organizations, and by making the investment and role of such organizations accountable and transparent.” However, the new Social Development Act currently being drafted, appears to run counter to the constitution's call for a “single-door system,” requiring CSOs to obtain multiple approvals from different agencies in order to operate.

One of the key concerns that has emerged lately is related to the process and content of new regulations and laws on CSOs (including NGOs) that are taking shape. The main debate is related to the ‘space for civil society’ in democratic society – many fear that multiple interpretations of the existing and upcoming legal and administrative provisions might have direct and indirect influence on the civic space - it is not always clear which set of rules and regulations prevail.

There is a need for aligning existing organizational structures and mandate of the CSOs at different level of state structures – federal, provincial and local levels. These adaptations will have to be synchronized with the constitutional provisions, Acts, regulations, policies and guidelines, of which many are in process or yet to be (re)formulated, (re)adapted and officially promulgated. The institutional context at provincial level is yet to unfold and become clear in terms of social development issues. Thus, there is still a wait and see situation for NGOs and CSOs to position their roles and space of engagement, and this transitional period is likely to continue for some years to come.

In the pretext of many social, cultural, institutional and human rights issues (that were somehow key agenda of CSOs in the past) having been addressed in the Constitution in forms of Fundamental Rights (section Three of Nepal's Constitution 2015) and Duties of State (Article 51, sub-article (J)14, there has been a public debate with different opinions on interpretation of those provisions. Many CSOs and activists viewed the new Social Development Bill 2073 being repressive of CSO rights and their space. NFN needs to be on top of these discourses, however other CSO actors and associations related to the review team that lately they have found NFN less vocal and less-

effective in positioning itself by representing voices of common interests on the civic space debate. This view, related by several informants, is not shared by the NFN.

Furthermore, there number of Acts and Guidelines (within mandate of different ministries, departments and line offices) that regulate NGOs and CSOs in Nepal:

- Organization Registration Act 2034 BS (which is the basic Act still in force under Ministry of Home for registration and renewal of all CSOs irrespective of their size, operational base, type, etc.),
- National Directives Act 2018 BS (mostly the professional associations are registered under this Act);
- Good Governance Act 2008 (defining norms, compliance for transparency and governance issues for organizations); and
- Local Level Operational Guidelines 2073 BS (that mandates the local level with authorities for 'regulating' NGOs/CSOs in their areas.

All these have added complications to CSOs/NGOs in obtaining authorizations for their legal mandates and operational authorities from various agencies having different acts and guidelines on their hands that require repetitive legal compliance and/or additional documentation/s.

Furthermore, in addition to the potential complexity of a multitude of conflicting sets of regulations, there are also questions about the political independence of civil society. While concerns about the independence and “alterity” of civil society (and particularly NGOs) have been longstanding in Nepal, the present political moment presents a new set of both concerns and opportunities. The closure of space for dissent and the renewed politicization of most spheres of public life that were evident in the early post-war years seem to have only accelerated in pace following the promulgation of the new constitution in late 2015. In this policy, legal and administrative context, the role of NFN as umbrella organization of NGOs for advocating for and contributing towards ensuring a conducive policy framework and institutional environment has become even more important. The NFN as a representative body is generally included in consultative mechanisms by government, has 6000+ members (of 46,000 CSOs registered with the Social Welfare Council)

The International Framework for an Enabling Environment (www.cso-effectiveness.org), outlines an ambitious set of “minimum standards” for a civil society enabling environment. These include: a) fulfilment of human rights obligations, b) CSOs as development actors in their own right, c) democratic political and policy dialogue, d) accountability and transparency for development, e) enabling financing. Many of these “minimum standards” are met to only a partial extent in Nepal, as has been extensively documented elsewhere.¹² While the “minimum standards” give a general picture, in practice the operational reality of CSOs (and NGOs in particular) varies. De-facto, it is highly influenced by power dynamics, personal ties and political relations, including:

- Authorities’ perception of CSO’s role and government coordination - i.e. line ministries are generally relatively open to cooperating with CSOs on technical issues and service delivery, in particular to delegating some implementation responsibilities to CSOs.
- The sector of intervention, including the political sensitivity of the issue. As one of our respondents cautioned us- the enabling environment for civil society needs to be understood

¹² For more on Nepal’s fulfilment of these standards, please refer to the detailed information available at the International Centre for Non-for-Profit Law : <http://www.icnl.org/research/monitor/nepal.html> and CIVICUS : <https://monitor.civicus.org/country/nepal/> . Please also refer to the references section of this report for other recently published analysis on this topic, including amongst others a national enabling environment study conducted by NFN for Civicus (financed by the Government of Sweden).

in terms of “the enabling environment for whom”? The space is not closing in a uniform way and there are more restrictions (and even harassment) of organizations working on particular issues such as human rights.

- Personal ties and connections (*afno manchhe*), as well as political relationships. Both civil society actors (particularly NGOs) and state representatives are to a greater or lesser extent connected into political party networks that can facilitate (or obstruct) their operational space.

These factors call for a fine-tuned and disaggregated power and political economy analysis in order better understand the de-facto enabling environment. This is particularly relevant in the present political moment in Nepal because the recent spate of elections (including, significantly the first local elections in 20 years) have brought political affiliations out into the open. While persons working with NGOs were previously known to be affiliated to political parties, NGO leaders have now run for office for different political parties and in many cases have been elected. This may leave NGOs politically exposed and may make it difficult to work with newly elected local governments if these are dominated by other parties.

3.2 Recommendations for NFN

The evaluation team would like to propose a series of recommendations to the NFN and to SDC. These recommendations were presented to NFN and the SDC at a debriefing on December 20th and were well received.

Reflect on NFN’s role

In the course of the evaluation, we came across at least three different proposed roles:

- A membership based organisation focussing on collective action among its members and advocacy on issues of common interest among its members. In this sense, the NFN functions as a convenor, a multiplier and an advocate.
- An organisation that implements development projects, including capacity development initiatives that are principally targeted towards its own members. In this sense, the NFN functions as a service provider (for development partners, to benefit their members).
- A professional association that serves to regulate the sector (possibly even beyond its own members), for example by developing and enforcing governance monitoring and quality assurance mechanisms. In this sense, the NFN functions as a regulator and as an adjudicator.

These roles are not necessarily complementary and they can lead to conflicts of interest. For example, SAGON would likely have been more effective as a capacity development project had it been limited to a smaller number of districts. However, as a membership based organisation the project provided the NFN the opportunity to reach out and engage widely with its members across the country. Furthermore, we would note that the professional association role is one that was suggested by the NFN and was met with resistance by other stakeholders we queried on the question. We suggest that the NFN would do well to learn from the experience of some of the other civil society federations in Nepal that have mixed roles and have ended up largely as service providers implementing projects on behalf of development partners. In these cases, this has led to the critique that these federations represent the interests of the development partners that fund them and not their own members. This has in turn affected their effectiveness as a lobby and

advocacy organisation and their representativity is questioned. The NFN draws its legitimacy from being a member-based organisation and its ability to effectively advocate for its members (for example on the new Social Development Act) depends to a large extent on clearly representing their interests. In this way, this tension between being a service provider and working for the interests of a particular constituency is the same one that most NGOs face. Though a different kind of organisation, NFN is not any different than its members in this respect. This means advocating for more strategic partner than implementing partner types of relationships with donors (see recommendations to SDC).

Develop a baseline and rigorous set of data on member governance, including a possible classification system that is owned by local chapters, for purposes of analysis and communication

At present, our findings suggest that NFN's data management is quite weak – NFN does not have the information necessary to speak with confidence on the actual extent of one of the biggest challenges its members face. NFN certainly has a lot of numbers, but not numbers of a kind that can support analysis – in terms of comparability or reliability. To take just one example: according to reported data, 2802 NFN members have done an annual audit and yet 2819 have renewed their registration. Without an audit, it is (officially) not possible to renew a registration or have an AGM. Thus this number is somewhat questionable. It is not the role of NFN to impose this rule on its members, but it is the role of the NFN to have reliable data about whether the rule is followed or not, so that NFN can assess whether its support to members is effective. NFN should also empower its district chapters to collect data and analyze it.

This means also that NFN is not in a position to conduct much analysis – are some districts in a better situation than others, why? Even a simple categorisation such as NFN Dhanusha seems to have implemented would allow NFN to group NGOs with different performance challenges and target particular interventions towards them. This may also be more politically feasible than a more precise governance monitoring/quality assurance system seems to have been. Finally, with all of the critiques of NGOs in the media and public discourse, NFN is missing an opportunity that reliable data would provide to communicate with the public, particularly about positive changes. A few key governance statistics could be posted publically on the NFN's webpage and those of its district chapters. For example, almost half of NFN's members have apparently conducted an annual audit. When compared to active members (not just paper NGOs) this may be a high portion and an effective communication message.

Invest in analysis of lessons learned & future change agendas

Having now implemented two different donor funded projects on improving NGO governance, we recommend that NFN invests in a serious analysis of what worked well in these two initiatives, what did not work well and why. For example: what can be learned from the two attempts to set up a quality assurance mechanism? How do implementation approaches differ when working in 7 vs 75 districts? What elements of the capacity development approach should be replicated or modified? We recommend this analysis to move beyond reporting on the achievement of activities and to think more comprehensively about change that did or did not happen and why. This analysis will also be useful in supporting the NFN to define its future change agenda on NGO governance, in particular what more effective change pathways might be. As this evaluation suggests, SAGON's topic was highly relevant and more work will definitely be needed in this field. This work will be more effective

if it can benefit from the lessons learned of both SAGON and the NGMP and not repeat the same “mistakes”.

Invest in capacities for project management

This recommendation is somewhat linked to the former two. We strongly recommend that the NFN invests in capacities for project management. An organisation that aims to be a national-level player needs to be able to articulate strategies and results in terms of outcomes, not only activities. Clearly this capacity is important for dealing with donors, but we would like to emphasise that it is important for the organisation more generally. NFN can play its part in rehabilitating the reputation of NGOs by being publically and rigorously results-oriented and being accountable to Nepali society (not only donors or the SWC) for the change they would like to be contribute to. For example: we know there is a problem with NGO governance, here is our plan to improve it and here are the indicators we are going to measure it with – check in with us for results!

Conduct institutional dialogue and possibly structural reform to harmonise with new state structure, empower local chapters and decentralise ways of working

This recommendation calls for institutional and structural reform of NFN as a whole to remain relevant and effective in the new state structure and three-tier governance system. With distinct mandate and role division among the federal, provincial and local level public agencies that will have direct links with the CSOs/NGOs regulations, space for operations and level of engagement will require restructuring of the NFN organization, governance and representation mechanism. Such reform is urgently needed to remain relevant and maintain legitimacy as an umbrella CSO having such a huge number of members and coverage at federal, provincial and local levels. NFN requires to gain refreshed energy and to take a lead role in the ongoing debate on harmonization and synchronization of various legal and administrative provisions with the spirit of the constitutional provisions (article 51 and its clauses). NFN (and other civil society organisations) decentralising in this way would also send a powerful message that they support the empowerment of sub-national levels of governance.

Take action to address some of the ICS challenges members face

NFN should look into challenges its members are facing on the practical implementation of IC systems, such as issues around taxes and VAT. This could include an advocacy agenda on aspects of the regulations that should be changed, or it could include joint work with the relevant authorities to provide authoritative guidance on issues around which there is current confusion. This kind of work on the enabling environment would improve the conditions for NFN members trying to implement their learnings from SAGON. For example, NFN should conduct dialogue with the Inland Revenue Department to come up with clear directives for NGOs about whether they have to register in VAT and implement it with full compliance. NFN should also lobby to the regulator to establish offices in all of the district centres. Similarly, NFN should also take the lead to resolve the confusion of the applicability of Labour Act and come out with clear directives/ rules for its implementation by NGOs.

NFN, for the benefits of its members, may consider issuing an internal guidance note to all its members covering all the contents mentioned in the “ICS manual” including the following key recommendations to ensure effective improvements and consistency in the reporting:

- A consolidated financial statement is produced rather than a project based FS.
- NGOs are not required to prepare a profit and loss statement and pay corporate tax;
- There should not be family members on the board/ operation.
- Distinctly maintain the concept of “governance” and “operation”
- Maintain a Fixed Assets Register and procure insurance coverage to ensure safeguard of its assets. Conduct physical verification at least once a year.
- Timely renewal of the organization.
- Ensure the issuance of a Management Letter by the auditor with recommendations to improve their internal control systems and compliances, if any.
- Conduct an internal audit at least once a year, where practical given the scale of the NGO.

3.3 Recommendations for SDC

Civil society remains an important theme for SDC, as noted in the most recent Federal Dispatch on International Cooperation (2017-2020):

“Switzerland contributes to reinforcing the central place of non-state actors, in particular civil society, including human rights defenders, as well as the essential role of businesses ... Civil society is a key actor: it provides services, innovates, mobilises, gathers, influences and presents an essential counter-balance to the state. It also strengthens individuals in the exercise of their rights and citizenship, and plays a fundamental role in the advancement of the rule of law and democratic structures. International cooperation thus commits to creating an enabling environment for civil society and to strengthening its capacities.”¹³

SDC’s Democratisation Decentralisation, and Local Governance Policy notes challenges in relation to civil society support and points to a path ahead:

“The SDC learned that it has to invest more in strengthening the sincere ownership (legitimacy) of these organisations and the connectivity to their members. In future the SDC wants to identify innovative ways of better reaching out to genuine and inclusive forms of civic engagement.”¹⁴

Our recommendations for SDC take into account both strategic and operational considerations and are somewhat intertwined:

Conduct “systemic” political economy and power analysis

SAGON is a good example of how a project that is designed to address a clear perceived problem can end up being less than effective because it focuses simply on symptoms without addressing the underlying causes, i.e. the analysis does not take into consideration questions of political economy and power. SAGON is an example of a technocratic style of governance project that neglects that even the most effective capacity development initiatives (and SAGON was not effective at this level) will struggle to contribute to changes without also addressing the incentives and constraints to actually using those capacities. SAGON does go one step beyond simple capacity development by

¹³ Own translation.

¹⁴ SDC Policy on Democratisation, Decentralisation and Local Governance (2016)

also proposing an institutional mechanism (outcome 2 – backstopping and monitoring). But if such mechanisms do not have widespread buy-in from those they would govern, or political will from those who could enforce them, they will falter. As a growing number of analysts are suggesting, it is time to look beyond capacities as the key constraint to “good governance” (amongst other issues) and understand better the social and political processes operating in a particular location and the potential change pathways.¹⁵ A project on the scale of SAGON is not going to be in a position to radically change incentives and constraints for the broad swathe of 6000+ NFN members, but a more fine-tuned political economy and power analysis might identify other interventions than trainings that would be more effective.

We recommend that SDC undertakes to gather and analyse political economy and power analysis of the civil society sector in Nepal that might already have been conducted, whether by researchers or development partners.¹⁶ If such an analysis does not already exist, or if existing analysis is incomplete, we recommend SDC undertakes such an analysis. Given the entwinement of NGOs with the implementation of development cooperation in Nepal, the findings of such an analysis would be relevant beyond analysis of the civil society sector itself. Such analysis could also be useful in identifying potential change agents or “drivers of change” in civil society outside of NGOs.¹⁷

Re-think objective of civil society support

The evaluation team recommends that before defining future projects in this field, SDC should reflect on the objectives behind its support to civil society. Donors have been a big part of the problem in the distortion of the civil society sector in Nepal through relatively uncritically routing funding through a cadre of usual-suspect type implementers/service providers. In a sense donors (and INGOs) created the market for the kinds of organisations that are now critiqued as being “dollar farmers”.

SAGON was specifically designed to help create “better” (in the sense of better governed) implementing partners for agencies like SDC. As large parts of the development cooperation budget are implemented through NGOs, it is in the interests of development partners (and, eventually, also of the women and men they aim to support) that NGOs are better governed. In a sense, a project like SAGON is not so much about civil society support as it is about creating a better enabling environment for the effective disbursement of development cooperation budgets.

While an intervention of this kind is, as we have emphasised above, important and relevant, SDC could also consider other approaches if the objective is more about empowerment or transformative social change than about institutional development of implementing partners. When SDC strategies refer to civil society it is as a key player in democracy, a counter-balance to the state, a defender of rights, etc (see for example the above excerpt from the Federal Dispatch). A project like SAGON that focuses on, and even reinforces, the service provider role is perhaps not the most effective approach if the objective is to support the emergence of various types of citizen collective action in a blossoming democracy. These two objectives – strengthening service providers (in particular in

¹⁵ This blog post provides a useful introduction into this line of thinking, with links to other references : <http://oxfamblogs.org/fp2p/15bn-is-spent-every-year-on-aid-for-training-with-disappointing-results-why-the-aid-industry-needs-to-rethink-its-approach-to-capacity-building/>. SDC has a series of resources on power and political economy analysis available at : <https://www.shareweb.ch/site/DDLGN/Pages/Welcome.aspx>

¹⁶ The evaluation team was able to visit only a small sample of organisations that might have conducted such analysis, and our respondents were not always in a position to share their institution’s analysis with us.

¹⁷ See SDC DDLGN (2014). “Beyond the usual suspects”

terms of governance and thus also legitimacy) and contributing to conditions for the emergence and empowerment of citizen collective action – are of course not mutually exclusive.

Re-think partnership strategy regarding civil society

In a somewhat related point, we recommend that SDC reconsiders its partnership strategy regarding civil society. We recommend that SDC distinguish between strategic partners and implementing partners. Strategic partners are partners that have an independent role in the governance system and with whom SDC may share common objectives and work jointly. Implementing partners' role is tied to that of their funder – they are there to provide services for a limited period of time. The form of cooperation should follow the function – the function of the organisation within the governance system and the function of the relationship with SDC. We suggest that an organisation like the NFN is perhaps more appropriate in the role of strategic partner than as implementing partner (see also the related recommendation to the NFN). Indeed, asking an organisation like NFN to fit its activities into a classical logframe and to frame its interest in the language of development cooperation may be counter-productive. There must be other funding modalities than “projects.” For strategic partners, on-budget support as a contribution to a shared objective or strategy may be a better way to enable strategic partners to get their own strategic work done. SDC and NFN could, for example, develop a joint advocacy strategy around some of the practical ICS-related issues we have highlighted on taxation. Indeed, one of the recommendations of Swiss bilateral cooperation in its most recent OECD DAC evaluation was to develop a more strategic, transparent and standardised approach to partnering with CSOs (in a similar manner to the approach now taken with Swiss NGOs).



“Dear Mr. Gandhi, We regret we cannot fund your proposal because the link between spinning cloth and the fall of the British Empire was not clear to us.”

Written by *M. M. Rogers* and illustrated by *Ariv R. Fatzal, Wahyu S., Ary W.S.*
Creative team for Search for Common Ground in Indonesia

Ensure that implementers institute rigorous monitoring, evaluation and learning systems

The case of SAGON shows the importance of implementing a simple but rigorous monitoring, evaluation and learning system (MEL). Our inquiries suggest that SAGON monitoring happened in a relatively ad-doc way (e.g. NGO governance data was collected from NGOs during trainings – resulting in some questions about both the reliability of the results as well as their comparability year-on-year). At the end of three years, SAGON is not in a position to provide much very solid evidence on results according to its outcome indicators. While the findings we have been able to generate through this evaluation suggest that the project has been successful in some respects, they represent the view of only a very small sample of SAGON beneficiaries and cannot substitute for the depth and comprehensiveness of data that a proper monitoring system can generate. This lack of (rigorous, comparable) data affects not only the role of the monitoring system in accountability (both to donors and beneficiaries) but also the potential for findings from monitoring to contribute to both project steering and learning. Monitoring the results of capacity development initiatives is notoriously challenging, but there is certainly good practice and guidance on this topic

within SDC and the broader community of practice.¹⁸ While the various lacunae in the MEL system may be attributable to lack of capacity at the NFN (as was suggested by one of our respondents), SDC at least should at least follow –up on questions like the lack of a baseline when many indicators refer to percentage changes.

We recommend that SDC works with its implementing partners to develop functional and rigorous results management systems and ensure capacities are in place to implement such systems (including monitoring, evaluation and learning elements). We recommend that SDC holds implementing partners accountable for the establishment and operation of such systems.

Re-think capacity development modalities for civil society

A clear recommendation from all of our respondents is that training is a good start but is insufficient to achieve the kinds of changes envisaged by projects like SAGON. Rather than one-offs like trainings, capacity development needs to be an on-going initiative, funded consistently and with on-going support in the form of coaching. SDC was realistic when it assessed that “ready-made” partners hardly exist in the Nepali NGO context and that support would be needed on institutional development (specifically governance) to build the kinds of partners SDC would need. We recommend that SDC considers taking this kind of instrumental approach even further than it went with SAGON. For implementation partners (Nepali NGOs), a percentage for capacity development could be included in each budget (as it was for local governments under LSGA), which would enable consistent capacity development of the implementer over the phase of the project. Capacity development of the implementer could even be considered as a project outcome. If such an approach were introduced in all SDC projects that work with local NGO implementers, it would build up a broad cohort of strong partners for SDC. The delivery of such capacity development could also be part of the overall package with INGOs or similar organisations who regularly interact with the local NGO implementers taking on the responsibility for provision of coaching and other more on-going support. In this way, capacity development of Nepali NGOs could be re-framed as integral to project implementation.

Work on the enabling environment, including support to state institutions

As noted earlier, Nepal is in a process of state re-structuring along federal lines, a process that will have implications for NGOs, as well as for civil society more generally. The many references to “one door policy” suggest that the state is interested in taking on a more pro-active role in coordinating development processes, including the work of NGOs, than before. The evaluation team recommends that SDC assess what kind of support may be useful in ensuring that an effective enabling environment for civil society is maintained. While organisations like SDC will continue to fund CSOs (and NGOs in particular) to do things, a necessary complement to that would be to fund work on the conditions that would allow CSOs to do what they themselves want to do. In particular, this kind of intervention might focus on the conditions that would allow CSOs to play the roles described in the Federal Dispatch.

The political economy and power analysis we recommended earlier would be useful in identifying entry points for such work. Options could include (1) The NGO desk at the local government level. SDC may wish to consider whether there may be opportunities to support these desks to become

¹⁸ See, for example, <https://www.intrac.org/resources/praxis-paper-23-monitoring-evaluating-capacity-building-really-difficult/> .

facilitators and enablers of civil society, rather than simple controllers. (2) A joint policy influence strategy with other interested donors and organisations like the NFN around specific technical issues causing problems for CSOs like taxes and registration. (3) Analysing the enabling environment in a disaggregated way, specific interventions that might support those CSOs working on more politically sensitive issues such as human rights or anti-corruption. Direct funding to such organizations could place them in a difficult situation, but they may be indirect or “environmental” supports that would benefit such organisations.

Assess a funding facility to support civil society organizations to engage in evidence-based policy dialogue

As we have suggested at several points in this report, many NGOs in Nepal have become simple service providers rather than considering and constituting themselves as development actors in their own right. As development actors in their own right NGOs should be playing an active role in policy dialogue. As the spaces for policy dialogue multiply in Nepal - with policy at least theoretically being made now at federal, provincial and local levels, there are a lot more opportunities for NGOs to step up as partners. We recommended earlier that SDC builds capacity development for the types of partners it wants directly into its projects across domains. We also recommended that SDC work on the enabling environment that would ensure that technical issues that pose impediments to effective operation are addressed and that space remains for CSOs to engage in dialogue with the state raise their voices on critical issues. The third pillar in the approach we are recommending is to provide support to CSOs to generate and document evidence to bring into policy dialogue spaces with the state. With state capacities relatively weak at local and even provincial level, CSOs may have an opportunity to provide grounded research and analysis to inform the drafting of new local laws and regulations. As new state institutions take root, it is the moment to ensure that civil society has an effective voice at the table and is recognised as a partner in policy development and not only its implementation.

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SDC Democratisation, Decentralisation and Local Governance Network:

<https://www.shareweb.ch/site/DDLGN/Pages/Welcome.aspx>

ANNEX 1: LIST OF ABBREVIATIONS

CA	Chartered Accountants
CEO	Chief Executive Officer
CS:MAP	Civil Society Mutual Accountability Project (funded by USAID and implemented by FHI360)
CSO	Civil Society Organisation
DDLGN	SDC Network on Democratization, Decentralization and Local Governance
FS	Financial Statements
GESI	Gender and Social Inclusion
IBGM	Indicator Based Governance Monitoring
ICS	Internal Control Systems
MEL	Monitoring, Evaluation and Learning
NGO	Non-Governmental Organization
NGMP	Promoting NGOs Governance and Management in Nepal (project funded by the Embassy of Finland and implemented by the NFN)
NPR	Nepalese Rupees
NFN	NGO Federation of Nepal
SAGON	Strengthening Accountability and Governance of NGOs (project funded by the Embassy of Switzerland and implemented by the NFN)
SDC	Swiss Agency for Development and Cooperation, Swiss Federal Department of Foreign Affairs
SDG	Sustainable Development Goals
USAID	United States Agency for International Development
VAT	Value Added Tax

ANNEX 2: SAGON PROJECT SUMMARY SHEET

Title	Strengthening Accountability and Governance in Nepal
Abbreviation	SAGON
Total duration of the action	36 Months
Goal	To contribute to improved services to the people, especially disadvantaged groups, through a more effective, transparent and accountable NGOs with sound internal control systems and management.
Objective/s	To improve accountability, institutional governance and management capacity of NGOs
Partner(s)	NA
Target group(s)	NGOs, NFN network, and Civil Society networks/alliances/federations
Final beneficiaries	<i>Civil society activists and campaigners</i> working with poor, marginalized women, vulnerable people, excluded communities including Dalits, Muslims, indigenous nationalities, differently able people, sexual minorities, and the people living in remote areas.
Expected Outcomes	Outcome 1: NGOs adopt stringent Internal Control Systems (ICS) and principles of good governance for strengthening their internal governance and management capacity. Outcome 2: The NGO Federation Nepal (NFN) and its regional and district chapters effectively backstop and monitor member organizations' compliance with good governance and management principles.
Key Outputs	<p>Outputs under Outcome 1.</p> <ul style="list-style-type: none"> • NFN members complied with the NGO Law, the NFN Code of Conduct, and the Basic Operation Guidelines (BOGs); • Participatory planning, steering and reporting mechanism established/strengthened; • Internal Control Systems, including administrative, financial and personnel management systems established/strengthened; • Adequate division of roles and functions of board and the management of NFN members ensured; Boards and staff composition of NFN members is inclusive in terms of caste, gender and ethnicity; Workforce diversity is promoted and monitored regularly. <p>Outputs under outcome 2</p> <ul style="list-style-type: none"> • Increased understanding of principles and practices of good governance and ICS among NFN and its regional and district chapters, • Indicator based Internal Good Governance Monitoring (IBGM) system established and used by NFN and its chapters • Hotline for technical assistance on governance issues established and used in NFN and its regional resource centres • Local Resource Persons identified and trained at centre and region
Total Estimated Budget	NRs. 59,847,872

(Excerpted from the SAGON Project Document)

ANNEX 3: LIST OF KEY INFORMANTS AND FOCUS GROUP DISCUSSION PARTICIPANTS

- Bharat Raj Sharma, Director, Ministry of Women, Children and Social Welfare
- Sanjay Mallik, Programme Director, Social Welfare Council
- Shibesh Chandra Regmi, Chairperson, Association of INGOs in Nepal
- Prem Ojha, CSO Programme Coordinator, CS: MAP
- Kamana Gurung, Programme Officer, Finnish Embassy
- Project Team, Governance Facility
- Ramesh Parajuli, Researcher/Scholar, Martin Chautari
- Bharat Pokharel, Country Director, Helvetas Swiss Intercooperation
- Kedar Khadka, Chairperson/Director, GoGo Foundation
- Bimala Poudyal Rai, Former SDC staff previously responsible for SAGON
- Arun Dhoj Adhikary, Freelance Governance Expert
- Daya Sagar Shrestha, Executive Director, NFN
- Anil Upadhyaya, Communication Officer, NFN
- Milan Dharel, NFN Central Committee Member
- Bhavana Bhatta, NFN Central Committee Member
- Bishnu Thakali, NFN Central Committee Secretary
- Ramji Neupane, Regional Coordinator, Central Region (consulted on phone)
- Diepak Elmer, Head of Development Cooperation, Swiss Embassy
- Sangita Yadav, Programme Officer
- Anita KC, Finance Controller, Swiss Embassy

Okhaldhunga

- Sachana Raj Bhandari, Chairperson, NFN Okhaldhunga
- Hitraj Karki, ex-Chairperson, NFN Okhaldhunga
- Tika Kumari Bhujel, Secretary, NFN Okhaldhunga
- Shiv Dhungana, Journalist, NFJ Chairperson
- Bodh Narayan Shrestha, Equal Access
- Raj Kumar Karki, Ramailo Radio, Station Manager
- Renuka Gurung, Member, NFN Okhaldhunga Chapter
- Radha Gurung, Member, NFN Okhaldhunga Chapter
- Muna Shrestha, Member, NFN Okhaldhunga Chapter
- Mitra Bahadur Rai - Chairperson, Sayapatri Sanstha
- Kishore Sunuwar – Finance Officer, Forum for Rural Development
- Suntala Pariyar, DCC Member, Member of District Coordination Committee (DCC), Okhaldhunga
- Bimal Kaji Shrestha, Trainer for Okhaldhunga (Phone call)

Ramechhap

- Milan Moktan, Chairperson, NFN Ramechhap
- Bhuvan Shrestha, NFN Ramechhap

- Laxmi Shrestha, NFN Member
- Karna BK, NFN Ramechhap
- Rajib Karki, Journalist Ramechhap
- Gambhir BK, Journalist Ramechhap
- Kailash Khatri, Journalist Ramechhap
- Ramesh Mumar Basnet, Mayor, Manthali Municipality, Ramechhap
- Ratna Kandel, Vice-President, NFN Ramechhap
- Sharmila Rajbhandari, Board Member, Srijanshil Youth Services Centre (SYS)
- Umesh Shrestha – Tax/VAT Consultant (Ramechhap)

Kaski District

- Padam Raj Pahari, Chairperson, NFN Kaski
- Bijaya Pradhan, NFN Kaski
- Indira Poudel, NFN Kaski
- Saroj Baral, NFN Kaski
- Kunjani Pariyar, NFN Kaski
- Binod Poudel, District Coordinator, NFN Kaski
- Gopal Khadka, NFN Kaski
- Sharda Khatri Goutam, NFN Kaski
- Sumita Basnet, NFN Kaski
- Khadga Rana Bhat, Chairperson, Naulo Ghumti Nepal
- Rajendra Goutam, PhD, Chairperson, 3 Angels Nepal
- Roshan Goutam, Sansar Nepal, Chairperson
- Shyam Kunwar, Journalist, Samadhan Daily
- Shashi Poudel, Journalist (Radio Barahi)
- Keshav Poudel, Regional Coordinator SAGON

ANNEX 4: EVALUATION MATRIX FOR OECD DAC CRITERIA

The following evaluation matrix guided the evaluations semi-structured interviews, focus group discussions and informal interactions with project primary stakeholders and partners.

Criteria	Questions to be addressed	What to look for	Data sources	Data collection methods
Relevance	<p>Is SAGON aligned with national development goals and strategies?</p> <p>Is SAGON consistent with the specific development challenges in Nepal?</p> <p>Is SAGON aligned with the Swiss Cooperation Strategy for Nepal 2013-2017?</p>	<p>How does the project align with and contribute to national development goals and strategies?</p> <p>How does the project respond to Nepal's development challenges?</p> <p>How does the project respond to the outcomes defined in the Swiss Cooperation Strategy?</p>	<p>SAGON ProDoc and Annual Reports</p> <p>Government of Nepal National Development Strategy</p> <p>SDG progress reports</p> <p>Swiss Cooperation Strategy</p> <p>Interviews and focus group discussions</p>	<p>Desk review of documents</p> <p>Interviews with government partners at national and district level</p> <p>Interviews with SDC officials and SAGON desk officers</p>
	<p>Are SAGON's approaches, resources and methods relevant to achieve the planned outcomes and impact?</p> <p>Has SAGON's approach taken on board the lessons learned from similar projects implemented by other development partners?</p>	<p>What analysis was done in designing the project? Were adaptations in approach made during the phase?</p> <p>To what extent were primary stakeholders involved in project planning and monitoring?</p> <p>Was SAGON the "right project" to meet the needs and priorities of the primary stakeholders?</p> <p>Were the resources sufficient to achieve objectives?</p> <p>Specifically, how relevant was the training component?</p>	<p>Review of SAGON design documents</p> <p>Review of SAGON Annual and End of Phase Reports</p> <p>Review of SAGON outputs (e.g. training manual)</p> <p>Review of SAGON evaluations (e.g. evaluation of ICS training)</p> <p>Interviews</p>	<p>Interviews with the following stakeholders:</p> <ul style="list-style-type: none"> • SDC staff involved in project planning • SAGON PMU staff and NFN staff • SAGON regional programme coordinators • Other development partners currently or recently working in this field (i.e. Finland, EU, USAID) • Government partners at national and district level • Key informants at district level

Criteria	Questions to be addressed	What to look for	Data sources	Data collection methods
Effectiveness	Did SAGON implementation contribute to the stated outcomes (per ProDoc)? Did it at least contribute to a change dynamic moving in the direction of the project outcomes?	<p>Have the internal governance systems member NGOs and NFN district chapters been improved</p> <ul style="list-style-type: none"> • ICS • Institutional capacity • Governance? <p>What other factors might have contributed to these changes?</p> <p>What percentage of results at output level have been achieved?</p> <p>What are key factors for non/achievement of outputs/ outcomes?</p>	<p>SAGON 3 annual reports (2014 July to 2017 July)</p> <p>Interviews and focus group discussions</p> <p>Site visit to project primary stakeholders</p>	<p>Desk review of documents</p> <p>Interviews with key informants, including:</p> <ul style="list-style-type: none"> • SAGON PMU staff & regional coordinators • Government partners at national and district level • Other development partners • Primary stakeholders <ul style="list-style-type: none"> • Analysis by auditor
	How does SAGON measure its outcomes and provide evidence of its contribution to changes?	<p>Is SAGON in a position to provide rigorous evidence of the achievement of outcomes?</p> <p>What monitoring and steering systems are in place? Have they been used to adapt implementation during the phase?</p>	<p>SAGON Periodic, Annual and End of Phase Reports</p> <p>Interviews and Focus Group discussions</p>	<p>Desk review of documents</p> <p>Interviews and/or focus group discussion with key informants, including:</p> <ul style="list-style-type: none"> • SAGON PMU staff & regional coordinators • SDC NPO and finance staff
	<p>Who are the primary stakeholders?</p> <p>To what extent and in what ways do the primary stakeholders actually benefit ?</p>	<p>To what extent have primary stakeholders been reached by SAGON outputs and activities?</p> <p>What was the quality of services provided to primary stakeholders?</p> <p>Was the project management structure effective enough to strengthen member NGOs?</p>	<p>SAGON Annual and End of Phase Reports</p> <p>Interviews and focus group discussions</p> <p>Interviews with primary stakeholders</p>	<p>Desk review of documents</p> <p>Interviews and/or focus group discussion with key informants, including:</p> <ul style="list-style-type: none"> • SAGON PMU staff & regional coordinators • Government partners at national and district level • Other development partners • Primary stakeholders

Criteria	Questions to be addressed	What to look for	Data sources	Data collection methods
Efficiency	<p>Has SAGON been implemented within deadline and cost estimates and with an efficient use of human and financial resources?</p> <p>Has SAGON taken prompt action to solve implementation issues?</p> <p>What impact have context issues had on delivery timelines?</p>	<p>Has there been over-expenditure or under-expenditure?</p> <p>Are costs justified or could the same results have been achieved with fewer resources?</p> <p>Were the activities carried in a cost-efficient manner?</p> <p>What mechanisms does SAGON have in place to monitor implementation - at activity, output and outcome level? Are these effective ?</p>	<p>SAGON Annual and End of Phase Reports</p> <p>Interview and focus group discussions</p> <p>Financial performance analysis (overviews from annual external audits)</p>	<p>Desk review of documents</p> <p>Interviews and/or focus group discussions with:</p> <ul style="list-style-type: none"> • SAGON PMU staff & regional coordinators • SDC NPO and finance staff • Government partners & key informants
	<p>How has the PMU & regional coordination contributed to program delivery efficiency?</p> <p>Were there synergies between the NFN setup and SAGON that contributed to reducing costs while supporting results?</p>	<p>Does the project implementation structure and its institutional embedding run smoothly ?</p> <ul style="list-style-type: none"> • Where are bottlenecks? • Where has influence been leveraged? 	<p>SAGON Annual and End of Phase Reports</p> <p>Interviews and focus group discussions</p>	<p>Desk review of documents</p> <p>Interviews and/or focus group discussions with:</p> <ul style="list-style-type: none"> • SAGON PMU staff & regional coordinators • SDC NPO and finance staff • Government partners & key informants

Criteria	Questions to be addressed	What to look for	Data sources	Data collection methods
Impact and Sustainability	<p>Were initiatives designed to have sustainable results given the context?</p> <p>Does SAGON have a sustainability and/or exit strategy?</p> <p>Was SAGON able to have a broad outreach, including beyond NFN members?</p> <p>How does SAGON modality fit in the broader public policies and institutional setting of Nepal?</p>	<p>How many NGOs benefitted from SAGON interventions?</p> <p>To what extent were SAGON members able to serve as models, influencing change beyond the NFN network?</p> <p>To what extent are initiatives and services likely to continue post-SDC funding?</p> <p>Has the NFN built the capacity to ensure capacity development practices without external support?</p> <p>To what extent has SAGON produced good practices and/or lessons learned, documented & shared these?</p>	<p>SAGON Annual and End of Phase Reports</p> <p>Outputs and analysis developed by SAGON</p> <p>Interviews and Focus Group Discussions (with stakeholders including NFN Advisors)</p>	<p>Desk review of documents</p> <p>Interviews and/or focus group discussions with:</p> <ul style="list-style-type: none"> • SAGON PMU staff & regional coordinators • SDC NPO and finance staff • Government partners & key informants