

Beyond Giving: Supporting Policy Change for Remaking Nepal

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Summary

At this critical juncture in Nepal's modern history, when the bloody Maoist insurgency has ended and a new constitution is being formulated, it is an appropriate time to deploy fresh initiatives in designing, implementing, and sustaining durable national progress on various fronts. Regardless of the quantum of development aid that will flow into the country for the next several years, a new future for Nepal requires Nepalis to take ownership of and drive national progress. Nowhere is this need for civic engagement in national progress more important than in public policy, with particular reference to the ongoing constitutional process and all that will flow from it in the coming years.

To that end, this paper proposes the establishment of the Nepal Policy Foundation (NPF), a philanthropic enterprise in Nepal to fund grantmaking and other support activities for policy change. Although giving for a cause is elemental to Nepali society¹, the decades of dependency on foreign aid have stultified the mobilization of indigenous resources expertise, and ideas. To rejuvenate Nepali participation in remaking Nepal, NPF grants will be used for specific research and related awareness raising, support to policy-focused Nepali organizations and individuals, and testing/proving of indigenous policy initiatives. NPF will require two phases of development over at least a decade: an establishment phase of two-three years and a consolidation phase of at least seven-eight more years.

Drawing upon Nepali traditions of self-organization and problem solving, and using a deliberate approach of partnering with select Nepali non-profits, NPF will be a key, but hitherto missing, catalyst for informed Nepali ownership of and action for policy change.

Background and Rationale

For all the good it has done, development aid in Nepal has often also had the counter-intentional effect of impoverishing the collective intellect, initiative, and creativity of its beneficiaries. Too often, and despite years of assistance, Nepali organizations are now found unable to propose or contest ideas, unable to secure a donor to fund a local initiative, or simply unable to mobilize behind what they consider a worthy indigenous initiative. For example, it is difficult to find a Nepali government agency or a nongovernmental organization that disagrees with the substance of a donor's policy proposal or can offer and advocate an alternative policy proposition. Whereas, there is evidence to suggest that before the era of development aid, there was a degree of independence of thinking, significant self-organizing capability, and a penchant for

¹ *Investing in Ourselves: Giving and Fundraising in Nepal* (2002), Asian Development Bank, Manila.

creative problem solving in communities across Nepal, albeit for less complex, quotidian problems.

While there may be many reasons for the poverty of ideas, initiative, and creativity that is seen in the policy arena, one plausible reason has to be the various sorts of dependence created by donor-funded development. The well-meaning better-informed donor official or consultant, who does the thinking and problem solving for the beneficiary, ends up depriving his or her counterpart of the intellectual wherewithal and confidence to be self dependent. Organizations set up by donors expressly for the purpose of delivering a public service or good end up crowding out indigenous organizations and initiatives. Multiplied several thousand times and across scores of aid organizations, the effect on countries like Nepal can be pernicious and debilitating for self-organizing capability and indigenous action. This is as true at the local community level as at the national level, and probably more problematic—from a policy perspective—for what might be called a national community of (policy) interests.

The enormous aid flows to assist the Nepali state have had the effect of also limiting the scope of the nonprofit sector in social action and long-term systemic change. In such a context, the role of civil society in contributing to what may be termed nation building or remaking is severely circumscribed unless creative ways are found to energize and re-introduce the notion of nonprofit organizations working in the public interest.

Public interest organizations can play instrumental roles in contributing to and often leading the way in helping to solve national-level problems. In an aid-dependent country such as Nepal that is coming out of a civil war, where the tendency remains to look to the state and to foreign donors to solve problems, the time is ripe for encouraging private-led Nepali initiative and creativity in contributing to nation building in durable, sustainable ways. The experiences of Northern Ireland, South Africa, and some of the Balkan nations show how philanthropic organizations can encourage civic leadership and engagement in their communities, thereby helping to prevent a return to social injustice and conflict.²

Salient Issues

1. *Political instability* has the most pervasive negative impact on growth, and in Nepal we have witnessed it firsthand during the last 15 years. Institutional arrangements, volatility of operating assumptions, and inadequate resource mobilization are inherently linked with political (instability). Given where Nepal stands currently, its growth prospects cannot be evaluated without concurrently evaluating its prospects for stability. If current and future governments fail to deliver on political stability, they are likely to fail in delivering near-term growth.³

² See *Local Mission-Global Mission: Community Foundations in the 21st Century* (2008), the Foundation Center and the Transatlantic Community Foundation Network, Bertelsmann Stiftung and *Just Change: Strategies for Increasing Philanthropic Impact* (2007), Association of Charitable Foundations

³ *Identifying Key Political Economy Impediments to Nepal's Short-Term Growth Prospects* (September 2008), Report to DFID-Nepal, The Asia Foundation

It will thus be important and opportune for civil society to partner with government and donors to help manage the current political transition and support political processes in whatever way possible. Given how deeply economic growth and social justice is linked to political stability, investing in the management of political transition and supporting political processes to create stable institutions, protect democracy, and devolve the state, has as much of a social and economic justification as a political one. There is a role for civil society, particularly philanthropic organizations, in seeking and supporting systemic change starting with the ongoing constitution-making process.

2. The ways in which Nepali citizens relate to politicians and political parties are diverse and under researched. Just as the Nepali state raises few direct revenues from its citizens outside Kathmandu and a few other locations, and offers them relatively little in terms of public services, much rural political activity has until recently revolved around elite conflict and negotiation, in which ordinary voters were little engaged. Correspondingly, there is very little tradition - within parties, in the legislature or in the mass media - of policy debate, in the sense of considered discussion of alternative means of achieving specific policy goals. This kind of debate seems to take place mainly within and between the top public service, aid donors, and international financial institutions.⁴

Achieving political sovereignty for the national community would be meaningless if there is no *policy sovereignty*, to enable Nepalis to participate in and influence public policy for themselves and their children. Nepali civil society groups can help leadership to articulate the policy sovereignty of politics in social and economic matters and help to define national priorities for action and seek the support of the international community. There is also an imperative to build trust and seek the synergy of civil society-private sector partnerships to enable the torn Nepali state to assume basic governance functions.⁵ New forms of collaboration between government, private sector, and non-profits present an opportunity to combine private and public resources, individual talents, and creativity for the overall benefit of the country. In addition, collaboration with government can also lead to successful adoption of pilot projects in public policy.⁶

3. Since political stability takes a long time to achieve, in the interim period broad political consensus on adequately detailed sectoral policies required to assure the market of *policy stability*. There are a number of substantive areas where policy reform seems needed but practical ideas are in short supply. For key sectors such as hydropower, land reform, and tourism, it is necessary to support immediate

⁴ *Nepal in 2008: Conflict, Drivers of Change, and the Political Economy of Economic Growth* (October 2008), Synthesis Report to DFID, Mick Moore, Institute of Development Studies, University of Sussex

⁵ *Can Nepalese Civil Society Create a Space that Binds All?* (September 2008), Dev Raj Dahal, Friedrich Ebert Stiftung-Nepal

⁶ *Innovations in Strategic Philanthropy—Lessons from Africa, Asia, Central and Eastern Europe, and Latin America*, Helmut Anheier and David Winder, in *Rethinking Philanthropic Effectiveness*, Dirk Eilinghoff (ed.) Bertelsmann Stiftung

efforts to generate agreements among relevant political, social, and economic actors on the essential principles and strategic details of sectoral development strategies. Other policy areas requiring immediate attention are agricultural policy and public services to agriculture; public sector recruitment procedures and public sector performance; and revenue-raising and urban taxation in the context of decentralized/federal government. Improving the quality of public and expert debate about these and other public policy issues is a critical area for support.⁷

The Way Forward: Supporting Policy Change

Given this background, rationale, and salient issues, this section discusses the rudiments of a philanthropic enterprise along the lines of a community foundation but with some operating aspects, that aims to not only make grants but to contribute in other ways to remaking a larger, community of communities, i.e. Nepal, with specific reference to policy change for social justice.⁸ Many community foundations have had brushes with public policy, but few consider these encounters more than isolated instances of problem solving. A new idea of community is needed, which acknowledges public policy as the "800 pound gorilla of social change,"⁹ and considers a meta level of engagement at the policy level for social justice.

With reference to philanthropic movements, the term "community" when used in conjunction with "foundation" implies operations in and for a defined geographical area such as a city, village or district, with the 'community' comprising all those who live in the area. In the context of post-conflict Nepal, the definition of a community foundation needs to be broadened, where the need now is greater for a national community rather than a single local community as generally understood. For the purposes of my paper, I have conceptualized the country as a "community of communities," and think of a community foundation-like initiative in that context. There are well-established foundations that use this conceptualization of community, as that defined by shared interests rather than only geographic contiguity.¹⁰

The shared interests of the community of Nepal need to be elucidated in the specific context of the country's emergence from a decade of conflict and its needs going forward. Much has been written about the context of conflict in Nepal and this must

⁷ But also see American political science literature on the failure of American foundations to achieve policy change and some of the counter-intentional outcomes that have resulted in recent years. For example, see "War of ideas and the think tanks they support: Why mainstream and liberal foundations are losing the war of ideas in American politics" (2005), Andrew Rich, *Stanford Social Innovation Review*.

⁸ However, careful thought will need to be given to how first to proceed in establishment: whether or not to graft initial activities onto an existing Nepali nonprofit or to start a brand-new one. See discussion under next steps.

⁹ There are plenty of commentaries on this subject. See, for example, *Community Foundations and Community Leadership* (2007), Cindy Sesler Ballard, Council on Foundations and CFLeds. But not much has been done to frontally engage at the policy level.

¹⁰ See *Foundations: Creating Impact in a Globalised World* (2005), Luc Tayart de Borms, England: John Wiley & Sons, Ltd.

inform consideration of what kind of needs demand immediate, near, and medium-term action. In the previous section I have summarized three needs that resonate for Nepal's current context and policy community:

- assistance with aspects of political process for political stability;
- popular participation in policy change for policy sovereignty; and
- policy discourse and expertise in key areas for policy stability.

Given these needs and our knowledge of the limitations of state/donors and private sector operating on their own, a hybrid form of philanthropic enterprise is required that diligently stays focused on policy change. The proposed Nepal Policy Foundation (NPF) has the following key elements:

Values

The values of the organization are the visible anchor for both internal and external participants, and undergird every decision made. They are also the ultimate filter for each action taken by the organization. The NPF values are listed and briefly described below:

- Nepal first: Committed to Nepal, Nepalis, and Nepali-led national progress, NPF will focus on bringing a sense of belonging and ownership to the policy process.
- Upstream engagement: Operating to achieve high leverage, high impact, high influence, NPF will focus on activities that most directly affect policy change

Underlying values: Embodying dignity, equality, opportunity, NPF will always remain concerned with social justice.

Goal

- To substantively engage Nepalis in remaking Nepal through Nepali-led policy change.

Objectives/Outcomes

- To identify, support, and convene present and future leaders in policy change.
- To support networking and coalition building for policy change.
- To promote sustainability of Nepali organizations and individuals that work on policy change.

Technical approach

- To make grants to Nepali organizations and individuals to support policy change.

Grantee and related support

- Policy entrepreneurs, reformers, and champions: through exposure, training, resource materials, research consultancies, and research support.
- Policy students: through scholarships, particularly for scholars from underserved regions in Nepal.
- Policy-focused non-profits: for long-term support of research agenda and perhaps endowments.
- In addition, it will be important for NPF to provide training in policy analysis, negotiation, and advocacy and to convene a non-competitive platform for

discourse and critique on immediate and near-term policy issues critical to remaking Nepal.

Governance

NPF's governance structure requires careful thought, especially because of the policy change focus of the organization. The number and type of individuals and organizations that could be of help during startup and consolidation will need to be carefully assessed. Some would be useful at the initial stages and for some types of assistance, others not. Because perceptions are so important, issues of sociocultural, geographic, professional, and perhaps even political, balance in the composition of advisors, trustees, and support organizations will also need to be considered in the early stages.

Because of the primary constituency it seeks to serve, NPF's establishment phase will require a board geared towards mitigating risks associated with resistance from policy-related governmental and nongovernmental entities, in addition to usual board responsibilities. A majority of members will need to be reflective, particularly of the policy community drawn from the senior ranks of academia, policy-related nongovernmental and corporate organizations, and past government service. Board members will devote time, energy, and financial resources to:

- o Guide initial strategizing and planning of the establishment phase.
- o Articulate the need for a policy-focused foundation to wider circles.
- o Contribute technical assistance, funding, advice, and facilitation.
- o Raise funds.
- o Mobilize the talents, energy, and resources of others who share in the vision.
- o Plan and implement NPF.

Select organizations—both Nepali and non-Nepali—will play pivotal roles in the form of access to knowledge and information, technical assistance, seconded staff, and physical space. The following organizations are expected to play key roles in the establishment and consolidation of NPF:

- The Social Science Baha (Baha), a non-profit in Kathmandu that works to facilitate and encourage the study of the social sciences in Nepal with support from the Ford Foundation, Social Science Research Council, membership fees, and others. The Baha houses the Open Society-funded Alliance for Social Dialogue (ASD) program. The Baha is an up-to-date repository of policy-relevant information and could be a key partnership element for the policy work of NPF. The ASD program can become an important partnership element of policy discourse and advocacy of NPF (more on this below under funding).¹¹
- The Asia Foundation, a U.S.-based international non-profit that supports philanthropy *inter alia*, has an active office in Nepal, and has a philanthropic gateway called Give2Asia for U.S.-based donors to give to Nepal. The

¹¹ See <http://www.soscabaha.org/> for a comprehensive introduction to this initiative to expose Nepalis to the latest in social science.

Foundation mainly supports various aspects of policy change in Nepal and many other countries in Asia.¹²

Funding options

Planned as an enterprise that will require two phases of development over a decade—establishment and consolidation—Nepal Policy Foundation will require substantial initial funding and technical support for core costs and grantmaking during an initial three-year establishment period.

In the initial establishment phase, it will be important to clearly demonstrate the value and salience of such an enterprise through responsible management and a track record of performance. This requires recruitment of competent staff, setting-up of a professional office with all aspects of modern operations in place, communications/marketing, and an active program of research and grantmaking. The costs will be on par with private sector. Some possibilities for support are described below.

- Given the need to quickly demonstrate value and stay focused on policy change without getting distracted by capacity-building or infrastructural needs, the clearest way forward for the first several months and perhaps even into the future would be to engage in immediate and thorough talks with the Social Science Baha in Kathmandu, to explore the idea of "fiscal sponsorship" of NPF as a program of the Baha with legal affiliation but programmatic autonomy.¹³ Since the Baha's mission is aligned with that of NPF and it already has a sponsorship linkage to the Alliance for Social Dialogue (ASD), this route would be worth discussing. It also has appeal because it demonstrates the ability to manage costs from the very beginning, sends a clear message (especially to donors) that there are several actors interested in jointly leveraging resources and plugging expertise gaps for policy change, and it avoids the creation of yet another non profit in Nepal.¹⁴

If agreeable, the Baha would provide accounting, human resources, and other back office services, with its costs covered through an administrative charge applied to the revenues or expenses of NPF programs. The Baha's library and other resource materials could be accessed for a reasonable fee or in exchange for NPF expert services in training and consultancies. Program partner ASD will also need to be approached to discuss mutual, value-added activities and sponsorship.

¹² See <http://asiafoundation.org/> for general introduction and <http://www.give2asia.org/> for philanthropic gateway.

¹³ For an excellent brief on fiscal sponsorship, see *How Fiscal Sponsorship Nurtures Nonprofits* (2005), Jonathan Spack, Third Sector New England, Boston. See also *More Than the Money: Fiscal Sponsorship's Unrealized Potential* (2007), Jill Blair and Tina Cheplick, BTW Informing Change, Berkeley.

¹⁴ It may be necessary to change the name from NPF to something more suitable for a program.

- The primary source of funds for the establishment phase will need to be created through alliances with select partners in Nepal and abroad.¹⁵ Partners will need to be carefully selected and approached, using criteria broadly similar to those for selecting a board. They will need to be fully apprised of budget details, technical assistance needs, and considerations of risks and sustainability.

The initial set of Nepali donors considered viable include mainly two-three individuals and organizations from the Nepali corporate sector, three-four foreign-based Nepali academics and other select Nepali diaspora, and some of the proposed board members and advisors. Corporate giving along the lines of "corporate social responsibility" promises to be especially useful in supporting scholarships and training in policy within and outside Nepal.

An initial set of foreign donors considered viable for approaching include The Global Fund for Community Foundations, Worldwide Initiatives for Grantmaker Support (WINGS), J.W. McConnell Foundation, Ashoka, The Ford Foundation, The Open Society Fund, The Asia Foundation, The McConnell Foundation, and the American Himalayan Foundation. It is possible that bilateral agencies like the US Agency for International Development, the UK Department for International Development, and the Australian Agency for International Development can also provide some assistance.

- Following establishment and before the consolidation phase, another source of funds could be created through policy-related consultancies/projects performed and/or managed by NPF. This comports with the objective of identifying, supporting, and working with Nepali professionals, who are qualified to research, advocate, and engage in policy change. The possibilities of a conflict of interest will need to be addressed. All or part of the income generated could be used to support NPF, depending on the framework for cooperation. For example, the Maadi Community Foundation (*Waqfeyat al Maadi al Ahleyd*) in Cairo, Egypt provides fee-based training using voluntary contributions of expertise from Egyptian professionals to generate funds.¹⁶ Similarly, subscriptions could be charged to individuals and organizations for being part of NPF's policy platform or for other benefits that result from affiliation.
- Diaspora giving will need to be systematized from/through non-Nepal based organizations to Nepali organizations working on policy change, using the latest technology to market and obtain support. There is great enthusiasm among Nepali diaspora for participation in change in Nepal, particularly among the educated

¹⁵ While it would be perhaps be desirable to fund raise using the classic community foundation approach of asking individual Nepalis en masse to contribute, that will need to be developed during the initial phase and cannot be depended upon as a source of startup funds for a policy-focused enterprise.

¹⁶ Seminar with Kathleen McCarthy and Barbara Leopold at Center on Philanthropy and Civil Society, CUNY.

professional class.¹⁷ Early efforts have to be made to articulate NPF's value to these Nepalis. These efforts will need to acknowledge both the promise and pitfalls of diaspora philanthropy: while such giving has the potential to expand the space for individual and civil society participation in systemic change, development, and social impact, it also can also be elitist and politicized.¹⁸ Diaspora philanthropy can constitute an important adjunct to investments provided by public funds and foreign aid in Nepal. Keeping it focused on policy change will be both a challenge and an opportunity.

Other Considerations

Policy Process

The ongoing constitution-drafting process in Nepal is the "elephant in the room" that must be acknowledged, and presents a significant, early opportunity and challenge for those interested in policy change. The process is led by a constituent assembly that completes its work in April 2010. This presents an opportunity to demonstrate the unique value of NPF and can lead to the incubation of several policy-change initiatives into the future. Some of these have been described above under "Salient issues."

Transition Planning

There has to be a deliberate process of thinking through, designing, and implementing a leadership transition within the board (and perhaps of management) when moving from establishment phase to consolidation phase. As explained earlier, the "establishment board" will need to have members who are recognized and respected and, likely to be more senior. Moving forward from establishment, the "consolidation board" will need to comprise of emerging leaders. One way to do this would be to initiate a "junior board" that graduates potential board members. Another consideration is to have advisors to the board and various NPF committees from the outset, who bring deep expertise to policy issues and can later take on more responsible roles in guiding NPF.¹⁹

Risks

Programs are inherently laden with risk, and particularly in post-conflict countries. Included below is an initial risk assessment identifying high-level events that could thwart the establishment of NPF. Also included is an initial assessment as to the probability of each risk emerging, the impact it could have on the establishment and some possible early mitigation strategies to prevent the risk from occurring.

¹⁷ Discussions held with Mr. Ashok Gurung, Director of India China Institute and others at The New School, New York, see www.indiachina.newschool.edu.

¹⁸ For example, see *Diaspora Philanthropy and Equitable Development in India and China* (2004), Geithner, Johnson, and Chen (eds.), Global Equity Initiative, Asia Center, Harvard University.

¹⁹ The matter of having or bring deep expertise to policy issues prior to deciding to engage is critical to managing risk. This matter is highlighted repeatedly by heads of many successful foundations, including Dr. Sandra Hernandez of the San Francisco Community Foundation (at CFC Conference, Montreal Nov. 2008) and Ms. Marcela Orvañanos de Rovzar of FONDEA Asesorias S.C. and 2005 CPCS Senior Fellow.

| Risk | Probability | Impact | Mitigation Strategy |
|--|--------------------|---------------|---|
| Risk of funding solely from foreign donors | H | H | <ul style="list-style-type: none"> ▪ Begin with a clear, transparent strategy for fundraising from foreign and domestic donors; specifying matching grants and sunset clauses. |
| Niche role and contribution of NPF not clarified to donors or public | L | H | <ul style="list-style-type: none"> ▪ Careful, creative research to identify and describe niche role and contribution ▪ Clearly articulate NPF goal, objectives, and activities through carefully crafted presentations and outreach materials ▪ Early advocacy for as long as necessary before establishment |
| Much resistance to partnership from Nepali nonprofits including Baha | M | M | <ul style="list-style-type: none"> ▪ Early advocacy to Nepali nonprofits for as long as necessary before and after establishment ▪ Get supporters of NPF to advocate for and overcome resistance to NPF |
| Establishment phase drags on with no movement towards consolidation | M | H | <ul style="list-style-type: none"> ▪ Hold regular meetings with board and donors ▪ Set agreed upon schedule dates |
| NPF does not coordinate its donors | L | H | <ul style="list-style-type: none"> ▪ Conduct joint program planning ▪ Form joint program steering committee ▪ Conduct monthly steering committee meetings |
| Key NPF leadership positions change rapidly | M | M | <ul style="list-style-type: none"> ▪ Involve all of the NPF leadership in some aspect of the program |
| Demands from policy stakeholders overwhelm NPF | M | H | <ul style="list-style-type: none"> ▪ Schedule tasks required to prepare for this, early in the program plan |
| Support for policy change declines | M | M | <ul style="list-style-type: none"> ▪ Demonstrate early successes ▪ Build significant milestones into plan for |

| | | | |
|--|---|---|---|
| | | | every six months |
| Political instability generates institutional uncertainty and undermines policy reform | H | H | <ul style="list-style-type: none"> ▪ Forge long-term consensus on reforms ▪ Conduct advocacy on the need for policy stability |

Conclusion

This paper has briefly reviewed philanthropy in general and community foundations in particular to examine how valuable lessons and practices may be replicated in setting up a philanthropic enterprise in Nepal that is focused on social justice through Nepali-led policy change. The paper has argued that at this critical point on Nepal's development trajectory, focusing on political process, policy change, and policy discourse and expertise is critical to durable systemic change, especially during these months of constitutional debate and formulation.

The involvement of civil society in general and nonprofit policy-focused groups in particular is seen as crucial in co-equally partnering with government, donors, and the private sector in surfacing and testing new ideas and initiatives in public policy. The paper then considers the deliberately gradual process of establishing the Nepal Policy Foundation in alliance with existing likeminded nonprofits in Nepal in order to minimize costs and quickly demonstrate value.²⁰

²⁰ I gratefully acknowledge Barbara Leopold's comments on two drafts of this paper and for valuable critical comments from Kathleen McCarthy and my colleague Fellows in the SIFP 2008 program. I also gratefully acknowledge the time off provided by The Asia Foundation to partake of the fellowship.