



# NAVIGATING NON-PROFIT REGULATIONS IN NEPAL

BY SAMPANNA CAPITAL & ADVISORY NEPAL

# Regulatory Framework on Laws Regulating NPOs in Nepal

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This manual is designed for individuals seeking insights into the legal landscape surrounding Non-Profit Organizations (NPOs) in Nepal. It also caters to community change makers aspiring to initiate NPOs within their localities. The contents of this guide will lead you through crucial procedures for launching a novel NPO, encompassing Trusts, NGOs, or Profit-Not-Distributing companies. Likewise, it provides guidance on reinvigorating existing NPOs, ensuring their alignment with Nepalese regulations, and facilitating impactful contributions to the community.



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## EXECUTIVE SUMMARY

Non-Profit Organizations (NPOs) have evolved into pivotal instruments for driving socio-economic progress, concentrating their efforts within specific sectors or communities of society. These organizations are established with the aim of enhancing the quality of life for groups, communities, or societies by addressing areas lacking sufficient exposure to essential daily requisites, fundamental rights, and sustainable well-being. These areas encompass health, education, sports, rights-based concerns, and more. Additionally, NPOs engage in advocacy pertaining to the preservation and safeguarding of the environment, wildlife, and nature. In recent times, NPOs have also emerged to stimulate and nurture micro-level economic sectors of society. NPOs operate without expecting material gains in return. A significant advantage of NPOs lies in their ability to bridge the gap between the state and marginalized populations, where the state encounters challenges in outreach due to various factors. This underscores the vital role of NPOs in countries with underdeveloped contexts like Nepal.

In Nepal, a diverse array of NPOs is at work, including Trusts, Societies, Clubs, Associations, Charities, and Profit-Not-Distributing Companies. Each of these NPOs follows distinct organizational structures, registration procedures, and operational methods. Although they share a common objective—uplifting individuals and societies—their approaches differ. For instance, Societies operate within small communities or wards; NGOs focus on specific areas such as human rights, environment, and youth; Profit-Not-Distributing Companies emphasize socio-economic development. This diversity provides individuals the flexibility to choose the type of NPO that aligns with their aspirations.

This document concentrates on three specific types of NPOs: Trusts, Associations (with a focus on Non-Governmental Organizations or NGOs), and Profit-Not-Distributing Companies. Social clubs and Community Based Organizations (CBOs), being more easily registered at local ward offices and schools, often operate without formal legal registration in Nepal, primarily at the community level. As a result, this paper does not delve into Social clubs and CBOs. The paper is structured into seven chapters: an Introduction and the Execution of NPOs. The Introduction provides an overview, history, and evolution of NPOs. The Execution section covers the registration process, operational aspects, compliance requirements, and relevant laws pertaining to Trusts, Associations, and Profit-Not-Distributing Companies in chapters 2, 3, and 4 respectively. Chapter 5 outlines general procedures like opening bank accounts and offers financial templates for NPOs. Chapter 6 addresses the legal framework governing International Non-Governmental Organizations (INGOs). The broader applicable laws related to taxation and labor regulations are discussed in chapter 7.



# **CHAPTER 1**

## **OVERVIEW, HISTORY AND DEVELOPMENT**



## **COUNTRY CONTEXT**

Nepal, a picturesque and compact mountainous nation situated in South Asia, shares its borders with the People's Republic of China and India. It comprises 7 provinces and 753 local bodies, while being home to a total population of 28,431,494. Spanning an area of 147,181 sq. km, Nepal boasts a captivating geography that spans from fertile lowlands to forested hills in subalpine regions and towering Himalayan peaks, including eight of the world's highest mountains, with the renowned Mount Everest as its pinnacle. Nepali serves as the official language in this diverse multi-ethnic country.

Historically, Nepal operated as a parliamentary democracy and a constitutional monarchy, functioning under a bicameral legislature until 2059 (2002). On 6th Jestha 2059 BS (22 May 2002), the King suspended Parliament and the constitution, invoking a state of emergency to combat Maoist insurgents. Following vigorous popular protests, on 11th Baisakh 2063 BS (24 April 2006), the King reinstated Parliament while simultaneously relinquishing his power. Subsequently, on Jestha 15, 2065 BS (May 28, 2008), the elected Constituent Assembly officially declared Nepal a Federal Democratic Republic, thus concluding the era of the world's last Hindu monarchy.

Nepal finds itself amidst a significant historical transition, as it evolves into a federal and secular republic. This transformation presents an opportunity for the nation to not only address poverty but also elevate the incomes of its most marginalized 40 percent, all while actively pursuing a comprehensive agenda for inclusive growth and equitable services.

Approximately half of Nepal's population falls within the age range of 15 to 59 years. The nation maintains a literacy rate of 67.9 percent, with a mere 4.3 percent of the employed population living below the international poverty line of \$1.90 purchasing power parity per day in 2019. The unemployment rate in Nepal stands at 4.4 percent. The legal system rests upon a written constitution and draws its essence from the framework of Civil law.

## **DEFINITION OF NPOs**

Non-Profit Organizations (NPOs) are commonly referred to by several synonymous terms such as "Voluntary Organizations," "Civil Society Organizations," "Non-Governmental Organizations," "Profit-Not-Distributing Organizations," and "Charities." The obligation to undergo registration as mandated by the law might be applicable to all entities engaged in charitable and humanitarian endeavors.

Not-for-Profit Organizations encompass a range of entities that:

- a. Are officially registered under the Association Registration Act, 2034 (1977) or other relevant legislative acts, with objectives centered around conducting social, religious, charitable, philanthropic, and community-oriented contributions. These registered organizations are typically affiliated with the Social Welfare Council for various societal, community, or philanthropic activities within Nepal's jurisdiction. Such entities are recognized as NGOs, Clubs, Ethnical Institutions, Political Institutions, Scientific Institutions, religious institutions, Cultural Charitable Institutions, Philanthropic institutions, and more.



- b. Hold registrations outside Nepal's jurisdiction (International Not-for-Profit Organizations or charitable institutions) and have entered into comprehensive agreements, including general agreements and project/program agreements, with the Social Welfare Council or obtained requisite permits to undertake non-profit activities, community initiatives, or government-supported projects without engaging in revenue generation or profit-seeking endeavors.
- c. Emerge within Nepal's jurisdiction based on bilateral agreements with the Government of Nepal, allowing them to conduct diverse program or project activities that are devoid of revenue generation or profit motives.

## **HISTORY OF NPOs IN NEPAL**

The history of Not-for-Profit Organizations (NPOs) in Nepal is relatively concise compared to neighboring South Asian countries like India and Bangladesh. Up until the year 2047 (1990), Nepal was under the influence of the Panchayat regime (2017-2047, 1961–1990), which imposed stringent control over societal activities. However, institutions such as Guthi (trusts), Parma (labor exchange), and Dhikur (savings and credit) have their roots extending back even before Nepal's unification in 1820 (1763).

Several notable NPOs emerged prior to Nepal's democratic transition in 2007 (1950). Entities like Shree Chandra Kamadhenu Charkha Pracharak Guthi and Paropakar Sanstha were established, laying the foundation for the formal Non-Governmental Organization (NGO) landscape in Nepal. Notably, the Nepal Red Cross Society, formed in 2007 (1950), stands as one of the earliest formal NGOs in the country.

During the earlier periods, NPOs in Nepal were overseen by the Social Services National Coordination Council, while funding agencies fell under the purview of the Social Welfare National Coordination Council (SWNCC). International NGOs (INGOs) operating within Nepal were regulated from the Royal Palace, under the chairmanship of the Queen. Development activities were strictly regulated during this time, with anyone engaging in such activities without official government approval deemed illegal. The number of NGOs slowly increased from 10 in 2017 (1960) to 37 in 2045 (1988) under the Panchayat regime.

Following the downfall of the Panchayat regime and the establishment of parliamentary democracy in 2047 (1990), significant changes occurred in the supervision of NPOs and funding agencies. The Social Welfare National Coordination Council (SWNCC) underwent transformation into the Social Welfare Council (SWC), a governmental agency operating within the Ministry for the Social Sector, led by its minister. This newly structured SWC comprised representatives from various ministries and government bodies.

Simultaneously, funding regulations underwent revision. Prior to the 2048 (1991) Constitution, foreign aid to Nepal needed to be channeled through the Government's consolidated fund, providing the Government with insights into foreign assistance and considerable control over its distribution. However, post-2048 (1991), foreign funds began to flow directly to NGOs. Consequently, the

number of NGOs operating in Nepal experienced a substantial surge, reaching approximately 60,000 in the present day.

While certain regulations persist, such as the necessity for official approval from local governments before embarking on development activities, changes have been implemented. NPOs are mandated to register with the District Administration Office (DAO) and renew their registration annually. Those receiving direct funding from donors are further required to register with the SWC, renewing their registration each year by submitting audited accounts from a government-approved auditor. Failure to meet these requirements could result in registration revocation.

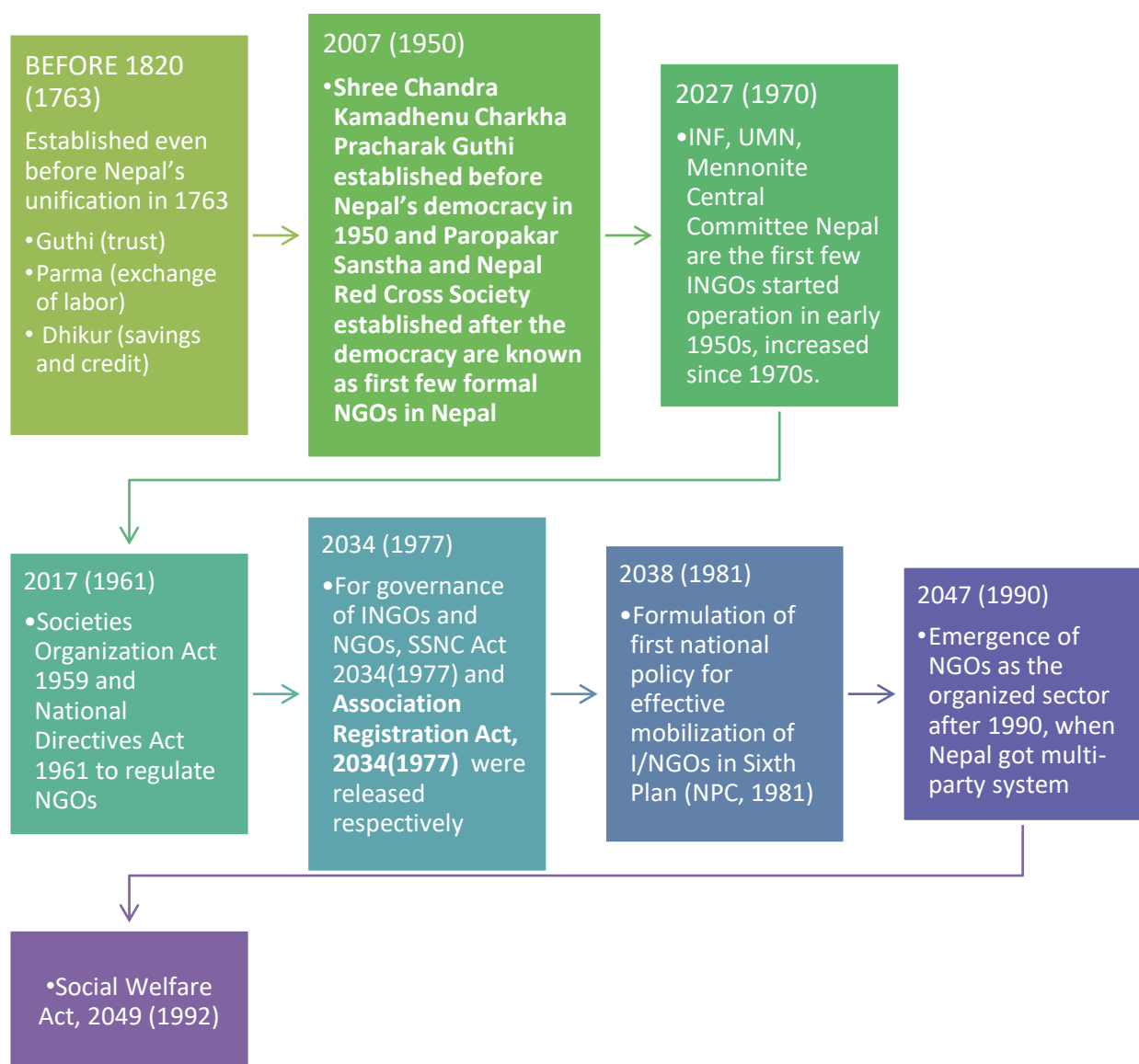


Fig: Evolution of NPOs in Nepal

## **DISTINCTIVE CHARACTERISTICS OF NPOs**

Not-for-Profit Organizations (NPOs) embody entities established for the betterment of society or the advancement of art and culture within it. In Nepal, these entities commonly take the form of charitable institutions, driven by a service-oriented mission.

The core purpose of NPOs revolves around providing valuable services. In accordance with Nepal's existing laws, NPOs possess the ensuing characteristics as institutional entities:

- Legal Establishment: They possess a lawful recognition.
- Organized Sector: They function within a structured framework.
- Corporate in Structure: They adopt a corporate organizational setup.
- Non-Profit Nature: Profit generation is not their primary goal.
- Social-Service Oriented: They are directed towards contributing to social welfare.
- Voluntary-Based: They thrive on voluntary contributions and participation.
- Autonomous and Independent: They operate with a degree of self-governance.
- Democratic Structure (with open membership): Their structure involves democratic participation and open membership.
- Community-Based Organization (CBO): They are grounded in community involvement.

For the registration of a Not-for-Profit Organization in Nepal, a group of five or more citizens can apply. The application should outline the institution's name, objectives, details of the management committee members, funding sources, and office address, to be submitted at chief district offices. Annual audited accounts must be presented for registration renewal. Although SWC registration isn't obligatory, it enables tax deductions and eases access to local and international funding. INGOs must secure SWC permission to operate within Nepal.

Foreign funding necessitates governmental project or program approval prior to reception. Generally, Nepalese NPOs direct their objectives towards social reform and raising civic awareness. Their key activities encompass:

- Executing literacy, post-literacy, and out-of-school education initiatives.
- Creating educational materials.
- Establishing savings and credit groups.
- Fostering financial intermediation.
- Cultivating income-generating programs via skills training for disadvantaged individuals.

- Enhancing local organizations' capacities.
- Orchestrating awareness-building seminars.
- Monitoring grassroots and service organizations.
- Delivering crucial services.
- Promoting advocacy.
- Mobilizing communities.
- Conducting training workshops.
- Undertaking research and development program evaluations.

Furthermore, NPOs are progressively engaging in various spheres, including poverty reduction, agriculture, irrigation, water and sanitation, population and family planning, heritage preservation and promotion, gender mainstreaming, human rights, peace initiatives, conflict management, and infrastructure and development.

NPOs are also increasingly active in the following areas: poverty reduction; agriculture; irrigation; water; sanitation; population and family planning; heritage preservation, protection, and promotion; gender mainstreaming; human rights; peace initiatives; conflict management; and infrastructure and development.

## **LEGISLATION ON NPOs ACTIVITIES**

In the aftermath of the reinstatement of parliamentary democracy in Nepal, the freshly elected government loosened certain stringent regulations that had been imposed on International Non-Governmental Organizations (INGOs) during the Panchayat era. Nonetheless, since 1991 (1934), a series of new regulations have been introduced, and certain former privileges have been rescinded by governmental bodies overseeing the presence of INGOs in the nation. For instance, INGO representatives no longer receive complimentary visas, and specific international staff members of INGOs have been issued temporary tourist visas, necessitating their departure from the country every 150 days. The previous authorization for INGO representatives to travel throughout Nepal has been curtailed.

The prominent Acts or laws that govern Not-for-Profit Organizations (NPOs), encompassing both domestic and international NGOs, along with supplementary legislation overseeing activities at the local administrative level, are expounded upon below.



**a. Association Registration Act, 2034(1977) - amended in 2048 (1991)**

The majority of NGOs seek registration under this act, although a considerable number also choose to register as profit-not-distributing organizations under the Company Act. This Act may be called the “Registration of Association, 2034(1977). The act defines “Association” as an association, institution, club, circle, council, study center etc. established for the purpose of developing and extending social, religious, literary, cultural, scientific, educational, intellectual, philosophical, physical, economical, vocational and philanthropic activities, and also includes the friendship association.

**b. Social Welfare Act, 2049(1992)**

This legislation reshaped the Social Services National Coordination Council (SWNCC) into the Social Welfare Council (SWC), assigning the following responsibilities to the SWC:

- Foster, facilitate, coordinate, monitor, oversee, and assess NGO undertakings.
- Establish avenues for assistance to initiate, advance, broaden, and reinforce NGO initiatives.
- Act as the intermediary body between the Government of Nepal and NGOs.
- Offer counsel and recommendations to the Government regarding the formulation of plans, policies, and programs pertinent to social welfare and the service sector.
- Establish trust funds for social welfare endeavors and encourage others to do the same.
- Undertake training initiatives and conduct research on issues pertaining to social welfare.
- Undertake physical supervision of NGO assets within Nepal.
- Effectively utilize both national and international assistance provided by NGOs.

Under this act, the member secretary of the SWC designates the appropriate ministry for the registration of any new NGO. As the SWC was initially established as an overarching entity for welfare-focused NGOs, certain NGOs have proposed bypassing the SWC and directly engaging with the relevant line ministry for registration.

The Government introduced the Social Welfare (first amendment) Ordinance in Ashar 2062 (July 2005). This Ordinance grants the Ministry of Women, Children, and Social Welfare the authority to issue directives concerning NGO activities. Simultaneously, Kathmandu is in the process of formulating a code of conduct for NGOs. Concerns have arisen among both NGOs and INGOs that these developments might undermine their autonomy and efficacy.

In adherence to current regulations, funding agencies seeking to participate in development endeavors in Nepal are required to submit a proposed operational plan and a minimum projected annual budget for their intended developmental initiatives to the SWC. The SWC offers directives outlining the conditions governing an agency's presence in Nepal. These agreements initially span a 2-year period, with the possibility of renewal for subsequent 5-year terms.

### **c. Local Administrative Legislation**

In accordance with Nepal's constitution, local levels possess the prerogative to formulate their own laws. In the past, the Local Ward Office, Municipal and Municipality Act of 2048 (1991), along with the Local Self-Government Act of 2055 (1999), delineated the government's strategy to devolve authority to local bodies, thereby enabling more efficient utilization of NPO resources.

The present structure of Nepal encompasses three tiers of government: a federal government at the core, seven provincial governments in federal units, and 753 local governments. Among these 753 local levels, 293 are municipalities, and 460 are Rural Municipalities (RMs). The municipalities are categorized into three types: metropolitan, sub-metropolitan, and general municipalities. At the local level, the formation of any NPO in Nepal necessitates registration and approval from the respective ward office.

Local authorities (Rural Municipalities, Municipalities, and metropolitans) oversee the coordination of NGO and INGO activities within their respective regions. They are empowered to grant funding to NGOs and establish agreements with them for the implementation of programs and projects. These local authorities are also entitled to solicit plans and programs from NGOs operating within their areas. NGOs are required to obtain project clearance from the Local Ward Office and, subsequently, from the Municipals. The government's strategy underscores the local coordination of NGO activities, clearly stating that the government will abstain from regaining control over or interfering with the programs executed by NGOs.

### **d. National Civil Code, 2017 (2074)**

Initially Trusts were governed by Nepal Trust Act and Nepal Trust Regulation but after the enactment of National Civil Code, 2017 (2074) (the Code), Trusts are governed by the Code. The provision of regulatory body of Trusts as prescribed in the Code is Land Revenue Office.

### **e. Company Act, 2063 (2006)**

Profit-Not-Distributing company is governed by Companies Act, 2063 (2006) and the regulatory body is Office of Company Registrar (OCR). Social Welfare Council under Social Welfare Council Act, 2049 (1992) also governs Company in matters related to bringing and implementation of foreign aid.

## **GOVERNMENT-NPO INTERACTIONS**

The interaction between the Government of Nepal and NPOs sometimes faces strains due to mutual distrust and a lack of clear understanding about each party's respective roles. Additionally, both sides might perceive themselves as competing for development funding. The trend among donor nations to channel development funds through NPOs, coupled with structural adjustments, has led to the reduction or even discontinuation of many government-operated services and programs, accompanied by an upswing in NPO operations.

In Mandsira 2060 (December 2003), the Government initiated stringent regulations on INGOs due to concerns that foreign organizations were inadvertently supporting insurgents aiming to establish a communist government through armed means. These regulations included constraints on visa extensions for INGO staff.

NPOs in Nepal also harbor concerns that:

- The government neglects capacity building while entangling them in bureaucratic red tape imposed by either the SWC or a ministry.
- Government interagency and inter-ministry coordination gaps result in project delays and missed opportunities.
- Neither government ministries nor the SWC assess NPO performance in terms of efficacy, costs, and output, even though NPOs are required to submit audited financial reports annually.
- State security forces subject NPOs advocating for a return to constitutional democracy to harassment. Concurrently, some non-profits face criticism for yielding to political influence. Roughly 1,800 out of Nepal's 2,000 politically active NGOs are affiliated with the Communist Party of Nepal, with the remaining affiliated with the Nepali Congress. Many NGOs serve as partner groups for political parties.

While some INGOs are perceived to indirectly support insurgents, others have encountered threats from the insurgency. For instance, in Srawan 2060 (August 2003), rebels placed signs in three core districts of Nepal urging locals not to collaborate with Save the Children (United States).

#### NPOs AND DEVELOPMENT

Numerous local non-profits undertake diversified activities rather than concentrating solely on a single sector. This multifaceted approach is influenced, in part, by an integrated development philosophy aligned with funding opportunities. Many NPOs have incorporated components such as income generation or savings and credit initiatives into their programs, aiming to foster community involvement and sustainability. Most Nepalese NPOs maintain overarching objectives encompassing community and rural development on various scales. Several NPOs focus on education, health, sports, human rights, gender, and development concerns. While NPOs have effectively raised awareness about these issues, cultural or customary resistance to equal inheritance rights for daughters and domestic abuse against women remains.

INGO projects tend to be more gender-sensitive and gender-focused compared to domestic NGO projects. Women-centric NGOs are generally led and staffed by women, while female representation in other NGOs is minimal.

INGOs primarily participate as technical assistance providers, donors, or support service deliverers. INGOs, in particular, are involved in healthcare, community development, and children's welfare. However, only a limited number of NGOs are active in areas like the environment, youth services, HIV/AIDS, and drug control.

## **NPO's CAPACITY**

NPOs, especially NGOs, have been recognized as significant partners in poverty reduction and the promotion of civil society in Nepal's 9th and 10th five-year plans. Nonetheless, the majority of NGOs still heavily rely on funding agencies. Many grassroots NPOs lack the expertise to define their roles and respond to the needs of impoverished and marginalized regions. Despite their deep aspiration to contribute to the nation's progress, the underprivileged struggle to reach their full potential due to a capacity deficit.

Domestic NPOs must enhance their skills, technical knowledge, and professional human resources, particularly those engaged in technical matters such as water supply, sanitation, irrigation, technical education, and agriculture. Consequently, numerous INGOs and funders opt to collaborate with other INGOs or community groups established by donors.

NPOs with stable local resource bases and those more involved in income generation, microcredit, and savings and credit programs tend to exhibit greater sustainability. Advocacy-based NPOs, in comparison to service-delivery entities, tend to be better structured, closer to grassroots communities, and more visibly present at the district level.

## **NEPAL AND FUNDING AGENCIES**

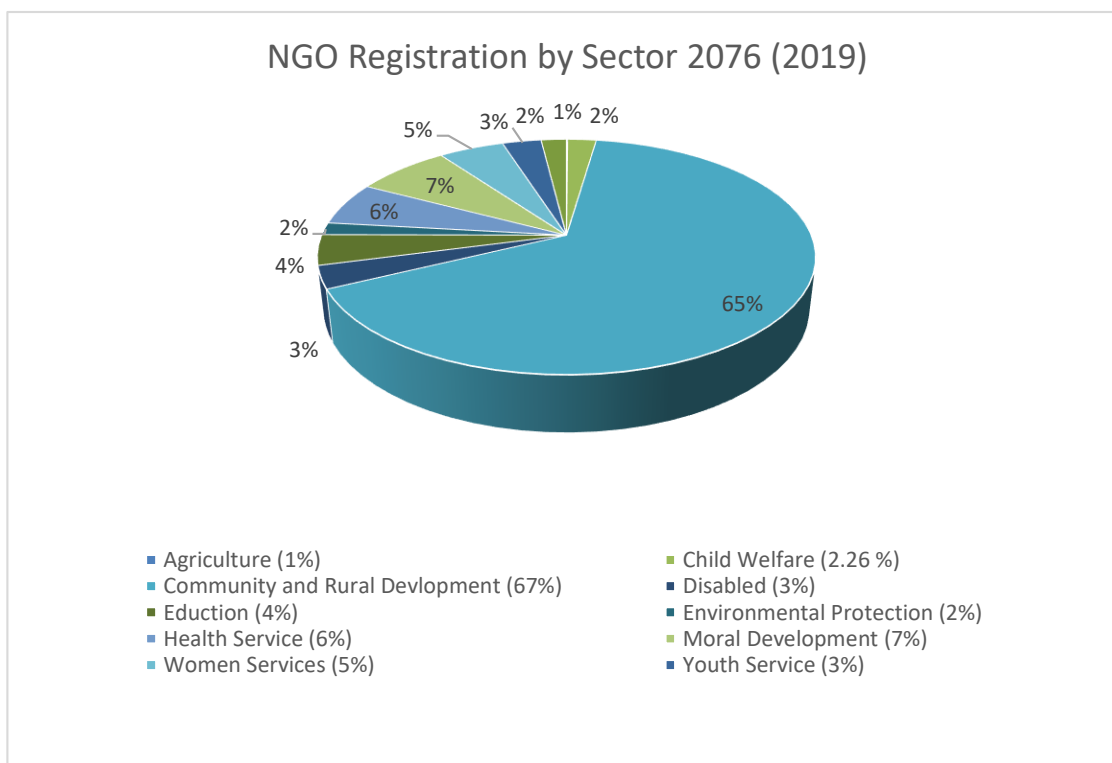
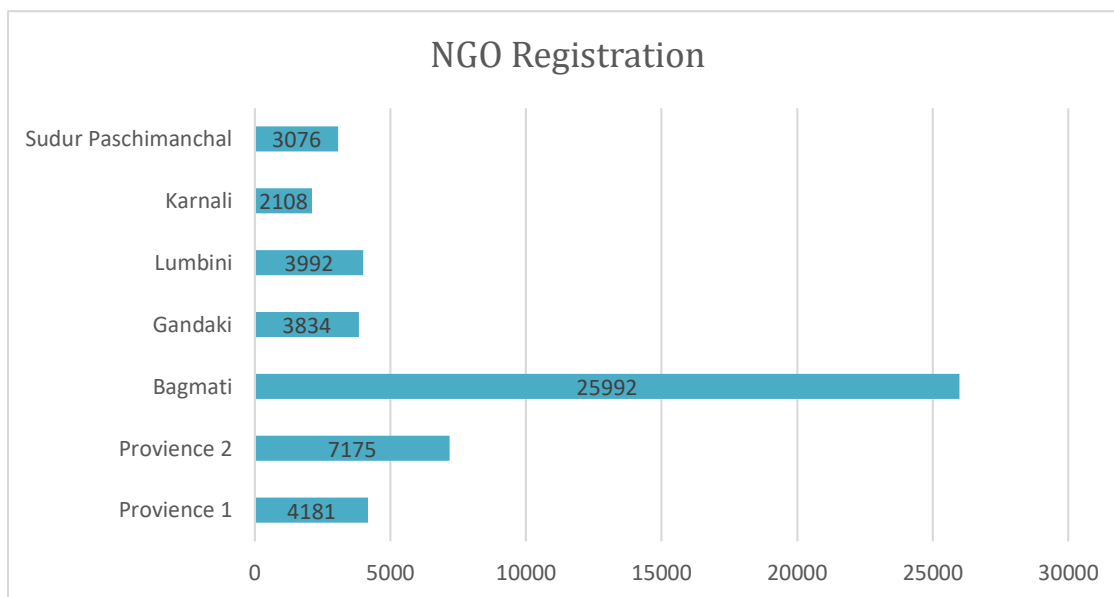
Nepal's dependence on external financing persists. Foreign assistance financed 23.3% of the country's expenditures in 2077-2078 (2020–2021), while grants and foreign loans have contributed around 6% of the country's gross domestic product since 2049 (1992). Enhancing domestic resource mobilization remains critical, and initiatives such as tax reform and improved tax administration are currently underway.

The International Development Association of the World Bank stands as Nepal's largest multilateral donor, followed by the Asian Development Bank (ADB). Among bilateral donors, Japan is the country's primary contributor, trailed by Germany and the United States.



## NGOs CONCENTRATION

Based on statistics from the Social Welfare Council, the overall count of NGOs across the nation stands at 50,358, out of which 25,992 are registered in the Bagmati province. This indicates that over fifty percent of all registered non-governmental organizations in the country are concentrated within Bagmati, which is recognized as the most affluent among Nepal's seven provinces. As per the data provided by the Social Welfare Council, during the fiscal year 2076/77 (2019/20), a significant 67% of the total newly registered NGOs fell under the community and rural development sector.



## **TYPES OF NPOs IN NEPAL**

Nepal accommodates a diverse array of NPOs, encompassing Trusts, Community-Based Organizations, Clubs, NGOs, Charities, Profit-Not-Distributing Companies, and more. Each of these NPO categories boasts its own distinct structure, registration protocol, and operational framework. Despite these differences, their shared goal revolves around enhancing the lives of individuals and/or society, albeit employing varying approaches.

For instance, community-based organizations thrive within smaller localities or wards, whereas NGOs center their efforts on specific realms like human rights, environmental activism, or juvenile welfare. Profit-Not-Distributing Companies prioritize socio-economic advancement. Regarding school clubs, formal registration might not be an obligatory requirement. 'Youth clubs' consist of panels established within each ward, comprising youth members aged 16-24 years, while the youth parliament is constituted of representatives chosen from these panel members. Organizations such as the Rotary Club and Lions Club are registered in Nepal as NGOs, operating as associations. This array of options grants individuals the freedom to choose the NPO type that aligns with their aspirations and preferences.

NPOs	<b>Trusts</b>	Trust means ("Guthi" in Nepali) endowed by any philanthropist through relinquishment of his or her title to a movable or immovable property or any other income-yielding property or fund for the operation of any shrine.
	<b>Associations</b>	Mostly, NGOs are registered under <b>Association Registration Act, 2034(1977)</b> as an association and operate for a particular area such as human rights, environment, juvenile etc
	<b>Profit-Not-Distributing Companies</b>	Profit-Not-Distributing Company has more of a socio-economic development aspect
	<b>Social Clubs</b>	Social Clubs operate in school, societies & common interest groups which may or may not be legally registered. Social Clubs can also be registered in the form of NGOs & Profit-Not-Distributing Companies.
	<b>Community Based Organization</b>	CBOs operate in a small community or in a ward. Nepal's CBOs tend to be culture-specific organizations, with activities linked closely with their particular ethnic group. These CBOs are not NGOs in the strict sense of the term.

# CHAPTER 2

# TRUST





# TRUSTS

## 1. INTRODUCTION

In accordance with the National Civil Code of 2074 (2017), a Trust comes into existence when an individual makes requisite arrangements for the management and administration of a property, over which they hold rights, ownership, and possession, for the betterment of beneficiaries. Trusts can be classified as either public or private trusts. The establishment of a trust primarily serves the purpose of utilizing funds for the following objectives:

- a) Infrastructures of economic development or other development works
- b) Operate clinics such as hospitals and health posts for the public purposes
- c) Protect natural, historical or cultural heritages
- d) Protection of wildlife, aquatic animals or environment
- e) Welfare or upliftment of various classes, groups or communities
- f) Development of sports
- g) Establish shrines, temples, monasteries, domes, mosques, churches or similar other religious activities
- h) Operate public programs for the interest of the public.

## 2. GOVERNING LAW

Initially, the administration of Trusts fell under the jurisdiction of the Nepal Trust Act and Nepal Trust Regulation. However, subsequent to the enactment of the National Civil Code of 2074 (2017) [the Code], the governance of Trusts has come under the purview of the Code. The Code designates the Land Revenue Office as the regulatory authority for Trusts. Nonetheless, this provision encounters some ambiguity due to the definition of the term "Registrar" as outlined in Section 316 of the Code.

According to Section 316 of the Code, individuals seeking to establish a trust are required to submit an application to the Registrar. In the explanatory section of the same Code, "Registrar" is delineated as the authority designated by law for the registration, oversight, and dissolution of trusts. This definition also encompasses the Land Revenue Officer in the respective district in the event such authority is not explicitly specified.

Given this definition, there arises a presumption that the Land Revenue Office might not be the most suitable regulatory body for Trusts, chiefly due to the differing nature of their respective functions. Consequently, the provision pertaining to the regulatory body for Trusts holds the potential for future amendment.

### 3. REGISTRATION PROCESS

Following steps are taken for the registration of Trusts:

Step 1 - Land Revenue Office

Step 2 - Ward Office Registration

Step 3 - Inland Revenue Department

Step 4 - Social Welfare Council

Step 5 - Transfer of property for incorporation of Trust

#### **Step 1 – Application to Registrar's Office**

In accordance with Section 316 of the Code, an individual seeking to create a trust must submit an application to the Registrar at the Land Revenue Office.

The following documents are to be presented to the Registrar:

1. A duly completed application form for the establishment of the trust. Accompanied by this application, the following documents should be included: (a) Memorandum of Incorporation of the Trust. (b) Name of trustees and a photocopy of the document indicating their consent. (c) Photocopy of any deed executed amongst trustees for the trust's establishment, if applicable. (d) Reliable identification document of the founder trustee. If the founder trustee is a corporate entity, certified copies of documents verifying its incorporation and a resolution passed by such corporate body to establish the trust. (e) Proof of payment of registration fees for the trust.
2. Comprehensive information about the property held for the trust, including its valuation and particulars.
3. Particulars concerning the beneficiaries, the benefits provided to them, and the stipulated terms and limitations.
4. If the trust is intended to be operational for a specific period, details pertaining to such duration.
5. Any additional information as requested by the Registrar.

The Code introduces a new provision allowing foreign nationals to assume the role of founder trustees for trusts. This marks a departure from the regulations for NGOs and companies. However, foreign nationals are prohibited from establishing trusts for religious activities such as shrines, temples, monasteries, domes, mosques, churches, or similar undertakings. Additionally, if a foreign national intends to establish a trust, at least one-third of the trustees must be Nepali citizens with permanent residency in Nepal.

**Expected Duration: Approximately 35 days from the date of application.**

## **Step 2 – Ward Office Registration**

Subsequent to the registration of the trust at the Land Revenue Office, the subsequent phase involves the registration of the trust at the designated Ward Office. The registration at the Ward Office must align with the same ward indicated as the trust's address in the Memorandum of Incorporation.

An essential component of the registration process is the payment of Tax Deduction at Source (TDS) on the office rent amount. This financial obligation is fulfilled within the confines of the Ward Office at the time of registration.

The following documents are requisite for the Ward Office registration:

1. Trust Registration Certificate
2. Office Rent Agreement
3. Photocopy of Land Ownership Certificate
4. Photocopy of Landlord's Citizenship

Anticipated Timeframe: Typically accomplished within one working day.

## **Step 3 – Inland Revenue Department Registration**

Subsequent to the trust's establishment, the next phase involves registering the trust at the Inland Revenue Department (IRD) in order to obtain a Permanent Account Number (PAN).

The ensuing documents are necessitated for obtaining a PAN Certificate for the trust:

1. A copy of the Board Minute that authorizes a designated board member to pursue PAN registration, inclusive of their authorization for signing.
2. Passport-sized photograph of the authorized individual.
3. TDS Deposit Voucher pertaining to rent.
4. Completed application form employing the predefined template. This form, bearing a stamp of Rs 10, must be signed by the authorized individual or bear the organization's stamp.
5. Copy of the Memorandum of Incorporation of the Trust.
6. Copy of the receipt confirming the payment of property tax.
7. Copy of the Trust Registration Certificate issued by the Land Revenue Office.

**Anticipated Timeframe: Typically concluded within one working day.**

#### **Step 4 – Social Welfare Council (SWC)**

**Registration** The National Civil Code does not contain specific provisions concerning the requirement for Trusts to attain approval from the Social Welfare Council. Nonetheless, the objectives of the Social Welfare Council encompass Trusts as one of the sectors subject to supervision and approval for receiving foreign aid.

The following documents are requisite for registration with the Social Welfare Council:

- Duly completed application in the prescribed format, endorsed by the Chairperson.
- Original Trust Constitution – 1 Set.
- Document confirming the registration at the Land Revenue Office.
- Photocopies of citizenship certificates of all trustees.
- Any additional documents requested by the Social Welfare Council.

#### **Step 5 – Transfer of Property for Trust Incorporation**

The founder trustees are obligated to transfer the designated property allocated for the trust's purposes within a span of three months from the trust's establishment. If the property in question is immovable, its transfer shall only be deemed complete once the requisite legal procedures have been fully executed.

For foreign nationals establishing trusts in Nepal, a remittance of USD 1 million or an equivalent movable property into the trust via the banking channel is mandatory within three months of the trust's establishment. This transfer also necessitates notification to the Land Revenue Office.

Please note that these steps and requirements are subject to the applicable laws and regulations in Nepal and may require professional legal consultation for accuracy and compliance.

### **4. OPERATION OF TRUSTS**

For the function of the Trusts, a Trustee Director shall be appointed either by the promoter trustees or as per the Memorandum of Incorporation of the Trust. The Trustee Director shall be responsible for the operation, management, protection and care of the trust property and for utilizing such property for the benefit of the beneficiary or making proper arrangements thereof. If Trustee Director is not appointed or could not be appointed, then promoter trustee becomes the director of the Trust.



## 5. COMPLIANCES

Every year as a registered entity, the Trust has to conduct following compliances:

1. Prepare and file audit report (Financial statements, profit and loss report, and balance-sheet reports) to the IRD and obtain tax clearance certificate.
2. Documents submitted at Land Revenue Office:
  - (a) Annual General Meeting minutes and other related documents
  - (b) Audit Report (Financial statements, profit and loss, balance-sheets)
  - (c) Tax clearance certificate

## 6. RENEWAL PROCESS

There is no process specified related to the renewal of the registration of the Trust in the law.

## 7. LIQUIDATION AND DISSOLUTION

Section 321 of the Code has prescribed the provision of dissolution of the Trust. The Section states, 'In the event of failure to transfer the property within the time limit mentioned in the Section 320 (in our case it is mentioned in Step 5 - Transfer of property for incorporation of Trust), the registration of the Trust shall be void *ipso facto* and the Trust shall be deemed to be dissolved". Apart from this, nothing regarding liquidation or dissolution of Trust is prescribed in the Code.

# CHAPTER 3

## ASSOCIATIONS



# ASSOCIATIONS

## 1. INTRODUCTION

Under the "Associations Registration Act, 2034" (1977), the term "Association" encompasses institutions, clubs, circles, councils, study centers, and similar entities established with the intent of promoting and advancing social, religious, literary, cultural, scientific, educational, intellectual, philosophical, physical, economic, vocational, and philanthropic activities. This definition also encompasses friendship associations. Within this chapter, we specifically emphasize Non-Governmental Organizations (NGOs) as a type of association since the majority of NGOs are registered under the Associations Registration Act, 2034" (1977). Associations and Non-Governmental Organizations (NGOs) registered under the Associations Registration Act, 2034" (1977) are characterized as voluntary, not-for-profit entities dedicated to social service activities benefiting humans, wildlife, nature, and the economy.

## 2. ORGANIZATION OF NGOs

The total number of NGOs in the country is 50,358, with 25,992 registered in Province 3. Of those, 15,998 are based in the Kathmandu district. The total number of NGOs, registered and unregistered, is estimated at 60,000. Some 2,200 local NGOs are members of the NGO Federation of Nepal (NFN), a national umbrella organization of NGOs. Domestic NGOs can be broadly classified into three groups:

- ☐ national NGOs;
- ☐ district- and village-based NGOs; and
- ☐ local self-help groups/CBOs.

## 3. NATIONAL NGOs

The aggregate count of NGOs across the nation stands at 50,358, with 25,992 registered within Province 3. Among these, 15,998 are headquartered in the Kathmandu district. The estimated total number of NGOs, both registered and unregistered, reaches around 60,000. A subset of these, approximately 2,200 local NGOs, form part of the NGO Federation of Nepal (NFN), a nationwide umbrella organization for NGOs. Domestic NGOs can be broadly categorized into three main groups:

- National NGOs;
- District- and village-based NGOs; and

- Local self-help groups/CBOs.

## **NATIONAL NGOs**

National NGOs can be further divided into two primary categories: welfare-oriented NGOs and professional NGOs. Welfare-oriented NGOs are typically centered in Kathmandu and often receive substantial support from international funding agencies. On the other hand, professional NGOs, frequently staffed by well-compensated professionals, focus on research and can bid for contracts with International Non-Governmental Organizations (INGOs). These NGOs frequently maintain affiliations with various government ministries.

## **DISTRICT- AND VILLAGE-BASED NGOs**

District- and village-based NGOs are typically headquartered in specific districts and function within rural areas where local leaders collaborate with their communities to address community-centric issues. Leadership within these organizations is often comprised of local elite individuals who may concurrently serve as chairpersons of local Village Development Committees (VDCs). If an NGO operates across multiple districts, it must be registered under the authority of the respective province.

## **4. GOVERNING LAW**

NGOs are governed by Association Registration Act, 2034(1977) and the regulatory body is District Administration Office. Social Welfare Council under Social Welfare Council Act, 1992 also governs NGOs in matters related to bringing and implementation of foreign aid.

## **5. REGISTRATION PROCESS**

Following steps are taken for the registration of NGOs:

- Step 1 – Ward Office or Municipality
- Step 2 – District Administration Office
- Step 3 – Registering in Ward Office
- Step 4 – Social Welfare Council

## **Step 1 – Ward Office or Municipality**

Obtain a recommendation letter from the local Ward Office or Municipality. This letter is issued by the Ward Office or Municipality to the relevant District Administration Office.

Time Frame: Usually, one working day.

## **Step 2 – District Administration Office (DAO)**

At the District Administration Office (DAO), the following documents are required:

1. Application for registration, duly signed by all members. Form an Executive Committee consisting of at least 7 individuals holding Nepali citizenship: 1 President, 1 Vice-President, 1 Secretary, 1 Treasurer, and 3 or more Members.
2. Copy of the recommendation letter from the Ward Office or Municipality.
3. Copies of the Constitution signed by each member on each page on Nepali paper, and a scanned soft copy of the Constitution in PDF format.
4. Minutes of the meeting for the establishment of the NGO, including the following details:
  - (a) Appointment of ad hoc committee members and other members.
  - (b) Confirmation of the organization's name and address.
  - (c) Appointment of a sub-committee to draft the Constitution (Bidhan).
  - (d) Decision to register the NGO with DAO.
  - (e) Approval and presentation of the NGO's Constitution to the respective local level officer for acceptance and confirmation.
  - (f) Copy of citizenship for each committee member (Original required for submission).
  - (g) List of committee members, including Name, Address, Contact Number, and photo.
  - (h) Character report from Nepal Police for each committee member.
  - (i) Approval from the respective Ministry, Department, or institution if required.
  - (j) Copy of Rent Agreement.

Once all the required documents are submitted, the DAO will take 2 to 3 days, depending on workload, to issue a letter to the Nepal Police requesting clearance reports for each board member. The applicant must deliver this letter to the respective police office and obtain clearance

reports from them. Nepal Police typically takes 7-10 days to issue the police report, which might be longer if member identification issues arise.

Total Time Frame: Generally, after the conclusion of the inspection.

### **Step 3 – Registration at Ward Office**

The following documents are needed for an NGO's registration at the local Ward Office:

- a. Application signed by the Chairperson and addressed to the Chief of Ward, requesting a recommendation letter.
- b. Copy of the Ad-hoc Committee meeting minutes, indicating the agreement on NGO registration.
- c. Copies of the Constitution, with each member's signature on every page.
- d. Certified copies of citizenship for all board members.
- e. Rent agreement for the NGO's office location.
- f. Property Tax Paid Receipt from the House Owner.
- g. Copy of the House Owner's Citizenship.
- h. Copy of Land Ownership Certificate.

Time Frame: Generally, one working day.

### **Step 4 – Social Welfare Council (SWC)**

The following documents are necessary for an NGO's registration with the Social Welfare Council (SWC):

1. Application in the prescribed format, signed by the Chairperson.
2. Original set of the NGO Constitution.
3. DAO Registration Document.
4. Copies of citizenship certificates for all members.
- 5.

Time Frame: Generally, around ten days after document submission. Detailed registration processes are outlined in the Social Welfare Council chapter below.

### **Step 5 – Inland Revenue Department**



To obtain a Permanent Account Number (PAN), the following documents are required for an NGO:

1. Copy of the Board Minute authorizing a board member for PAN application.
2. 2 passport-size photos of the authorized personnel.
3. TDS Deposit Voucher for Rent.
4. Filled application form (predefined template) with a Rs 10 stamp, signed by the authorized person (Organizational Stamp should also be affixed).
5. Copy of the NGO's Constitution.
6. Copy of the property tax paid receipt.
7. Copy of the DAO Registration Certificate.
8. Copy of the SWC affiliation.

Time Frame: Typically, one working day.

## 6. APPLICABLE GOVERNMENT FEES AND CHARGES

The government fee for registration is approximately NPR 6,000, but it varies depending on the district and local level. The following are the fees that must be paid to the appropriate government agencies:

Authority	Fees (in NPR)
Ward Office	2000 <i>(May vary from one local level to another)</i>
District Coordination Committee	N/A
District Administration Office	1000 <i>(May vary from one district to another)</i>
Social Welfare Council	3000
Inland Revenue Department	NA

## 7. OPERATION OF NGOS

The operation of an NGO falls under the oversight of the Executive Committee. The Executive Committee comprises the individuals who were part of the initial members of the NGO during its registration. The composition of the Executive Committee may change after their term concludes in accordance with the NGO's Constitution. These committee members are designated through the General Meeting of the NGO.

Typically, the day-to-day operations of NGOs are guided by an operational leader, commonly referred to as the Executive Director, Chief Executive Officer, or by any other suitable title determined by the Executive Committee. The operational leader assembles their team to manage the NGO's daily activities.

## **COMPLIANCES**

Every year NGO needs to complete the renewal process to maintain the registration by making and filing the required documents the respective government offices. The tax office, ward office, DAO and the SWC are the government offices where a NGO needs to file its documents.

### **Following steps are taken for annual compliance:**

1. Arrange for the audit and preparation of the financial report by the auditor chosen by the NGO's General Meeting.
2. Review and approve the audit and financial report during the General Assembly.
3. Present the audit and financial report to the Inland Revenue Department (IRD) to fulfill tax payment obligations and obtain a tax-clearance certificate.
4. Obtain a recommendation letter from the Ward Office as part of the renewal application process for submission to the District Administration Office (DAO).
5. Complete the renewal of the registration certificate by submitting an application along with all required documents to the DAO.

## **8. RENEWAL OF REGISTRATION**

Every year NGOs need to renew its registration certificate from its regulator. NGOs must apply together with other documents. Following are the documents to be filed at DAO:

1. Application in the prescribed format addressed to DAO
2. Resolution of the General Meeting for the appointment of the auditor
3. Annual audit report, financial statements and annual progress report and the minutes of the
4. General Meeting related to these documents.
5. Tax clearance certificate
6. Recommendation form the Ward Office

7. PAN Certificate
8. Constitution of the NGO
9. Registration certificate
10. Certified list of the current Executive Committee members
11. Certified details of the members of the NGO

The program approval letter and the monitoring report from the SWC, if any foreign assistance is approved by the SWC.

Time Frame: Generally, 3 working days/weeks

## **9. LIQUIDATION AND DISSOLUTION**

As per Section 14 of the Association Registration Act, 2034 (1977), if an association is dissolved either due to its inability to fulfill the obligations outlined in its statutes or for any other reasons, all the assets of the said association shall be transferred to the Government of Nepal. In the event of any outstanding liabilities incurred by the dissolved association, the Government of Nepal shall assume responsibility for those liabilities to the extent that the association's assets are sufficient to cover them.

# CHAPTER 4

# PROFIT-NOT- DISTRIBUTING COMPANY



# PROFIT-NOT-DISTRIBUTING COMPANY

## 1. INTRODUCTION

The concept of a Profit-not-distributing company (referred to as "Company") was introduced by the Companies Act, 2063 (2006). Section 166 of the Companies Act outlines that, "Any company may be established with the purpose of advancing and promoting a particular profession or occupation, safeguarding the collective rights and interests of individuals involved in specific professions or occupations, or engaging in activities that contribute to scientific, academic, social, benevolent, or public welfare objectives. It is a fundamental condition that such a company refrains from distributing dividends." The primary intention behind this provision is to establish companies that operate for the betterment of society by not distributing the profits they generate.

## 2. GOVERNING LAWS

Company is governed by Companies Act, 2063(2006) and the regulatory body is Office of Company Registrar (OCR). Social Welfare Council under Social Welfare Council Act, 2049 (1992) also governs Company in matters related to bringing and implementation of foreign aid.

## 3. REGISTRATION PROCESS

Following steps are taken for the registration of Company:

- Step 1 – Create username and password from OCR website
- Step 2 – Submit Name of the Company
- Step 3 – Upload documents online and visit OCR for verification
- Step 4 – Ward registration
- Step 5 – Inland Revenue Department
- Step 6 – Social Welfare Council

Step 1 – Create username and password from OCR website

An individual intending to establish a Company must first create a username and password to initiate the process. This step involves generating a dedicated online portal that will facilitate future communication and interactions between the Office of the Company Registrar (OCR) and the Company.

## **Step 2 – Submit Name of the Company**

Once the portal is created, a name of the Company needs to be purposed online for verification. Name verification means to see if there are any other companies with similar name. The name needs to be changed if proposed company name already exists. It will take few days for the verification.

## **Step 3 – Upload documents online and visit OCR for verification**

Once the name has been verified and approved, registration documents need to be uploaded and visited with the hard copy. Requirements are as follows:

1. Minimum 5 members, having Nepali citizenship, are required to register a Company
2. Two sets of signed and thumb stamp copies of Memorandum of Association and (MOA)
3. Two sets of signed and thumb stamp copies of Articles of Association (AOA)
4. Letter of authority
5. Notarized citizenship copies of all the members
6. Agreement between the members, if any.

**Time duration: *Generally, 15-20 working days is required to complete the process of registration of Company at OCR.***

## **Step 4 – Ward Registration**

Once the Company is successfully registered at the Office of the Company Registrar (OCR), the subsequent procedure involves registering the Company at the respective Ward Office. This registration should be carried out within the same Ward that is mentioned as the Company's address in its Memorandum of Association (MOA) and Articles of Association (AOA).

During this registration process, any applicable Tax Deduction at Source (TDS) on the office rent amount is settled at the Ward Office. Consequently, at the time of registration, the TDS related to the office rent is also submitted and processed at the Ward Office.

**Following documents are required for the registration at the Ward Office:**

1. Company Registration Certificate at OCR
2. Office Rent Agreement
3. Land Ownership Certificate (Photocopy)
4. Citizenship of Landlord (Photocopy)

**Time Duration: *1 working days***

#### **Step 5 – Inland Revenue Department**

The Company is registered at Inland Revenue Department (IRD) to obtain Permanent Account Number (PAN).

Following documents are required to obtain PAN from IRD:

1. Application Form
2. Copies of registration documents at OCR and Ward Office

#### **Step 6 – Social Welfare Council**

After the above process is complete, the Company needs to be affiliated at Social Welfare Council (SWC)

Following documents are required to get affiliation at SWC:

1. Application Form
2. Copies of registration documents at OCR, Ward Office and IRD.

### **4. OPERATION**

The operational oversight of the Company is vested in the Board of Directors. The Board consists of individuals who were the initial members of the Company at the time of its registration. The composition of the Board can undergo changes upon the conclusion of their respective tenures, as guided by the provisions outlined in the Memorandum of Association (MOA), Articles of Association (AOA), or the Companies Act. The appointment of the Board of Directors is facilitated through the General Meetings of the Company.

Supervision of the Company's day-to-day activities typically falls under the purview of an operational leader, often referred to as the Managing Director, Chief Executive Officer, or by other relevant titles



as determined by the Board of Directors. This operational head assembles a team to manage and execute the Company's routine operations.

## **5. COMPLIANCES**

There are two compliances for the Company to fulfill. First compliance is done within three months after the registration of the Company at OCR. Second compliance is done every year.

### **First Compliance:**

The Company should submit following details at OCR within three months from the registration of the Company in OCR:

1. Details on formation of the Board of Directors (the minute of the Board)
2. Details on appointment of Auditor (the Minute, and responsibility)
3. Details on address of the Company (the minute of the Board)
4. Details on Section 51 of the Companies Act, 2063(2006)
5. Any other details as asked by the OCR.

### **Second (Annual) Compliance:**

Every Company must conduct its annual compliances and submit documents at OCR for the annual update of the Company. This second compliance is done within the six months of the expiry of every fiscal year (by the end of the month of Poush). For annual compliance, the Company needs to conduct audit and annual general meeting. The audit is done by the auditor appointed by the previous Annual General Meeting. The audit is submitted at the IRD for paying taxes and obtaining tax clearance certificate.

### **Documents submitted at IRD:**

Audit report (Financial statements, profit and loss report, and balance-sheet reports)

**Documents submitted at OCR: The documents are submitted online first and then the hard copy:**

1. Annual General Meeting minutes and other related documents
2. Audit Report (Financial statements, profit and loss, balance-sheets)
3. Tax clearance certificate

## **6. RENEWAL PROCEDURE**

The renewal process for the registration of a Company does not have specific requirements outlined. Unlike NGOs, Companies are not obligated to renew their registration dates. However, the Company is required to submit the documents and annual statements as detailed in Section 6 above to the regulatory authority. Upon successful submission of all necessary documents and annual statements, the Company will receive a communication confirming its updated status for the respective fiscal year. This communication serves as the Company's renewal confirmation.

## **7. LIQUIDATION AND DISSOLUTION**

The liquidation and dissolution of a Company can occur through two methods: Voluntary and Compulsory. Voluntary liquidation takes place when a Company willingly chooses to cease its operations or objectives, even if there are no outstanding liabilities. Compulsory liquidation arises when a Company cannot fulfill its liabilities due to insufficient earnings or profits. In both scenarios, the liquidation process commences once a liquidator is appointed by the Company or the court. If the Company is unable to appoint a liquidator due to lack of consensus, the court takes on this responsibility.

In situations involving the liquidation or cancellation of the Company's registration, the assets that remain within the Company after settling all debts and obligations are managed in accordance with the provisions outlined in the Memorandum and Articles of the Company. In cases where such provisions are absent, the remaining assets are transferred to the Nepal Government.

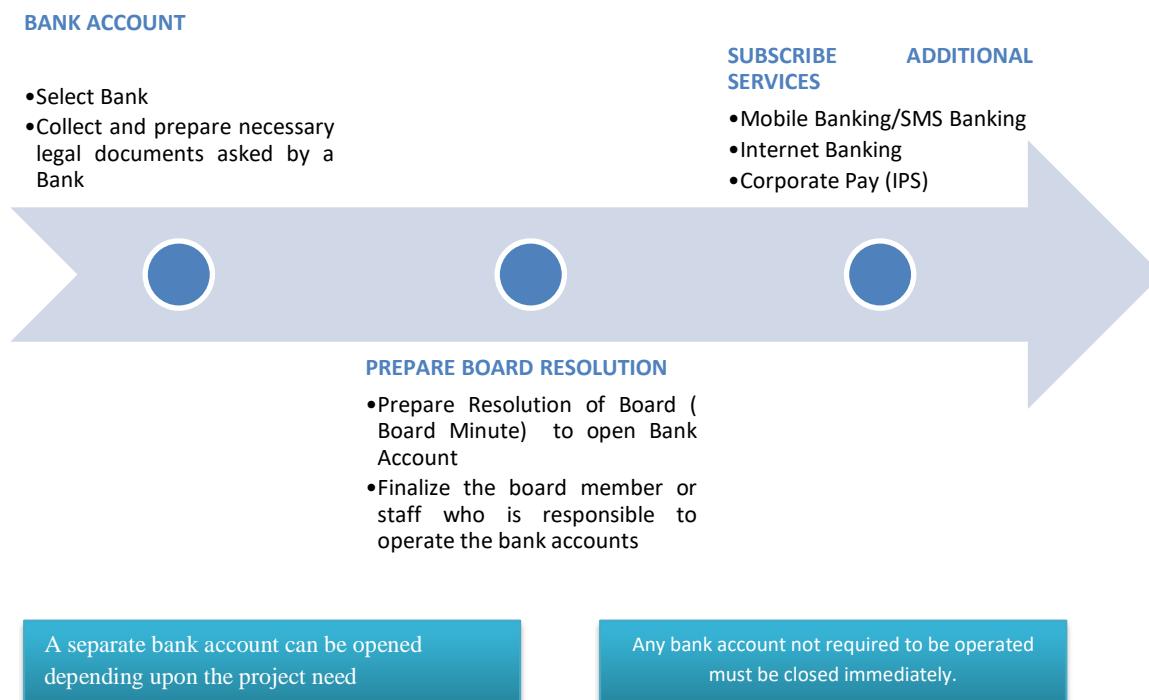
# **CHAPTER 5**

## **PROCUDURES FOR NPOs IN NEPAL**



## BANK ACCOUNT OPENING PROCEDURE FOR NPOs IN NEPAL

All NPOs registered in Nepal have the ability to establish bank accounts. These accounts serve multiple purposes, including receiving donations collected by the NPOs and managing various administrative and project-related expenses. In line with sound financial management practices, it is advisable for NPOs to develop a well-defined procedure for the operation of these bank accounts. This procedure helps ensure transparent and efficient financial operations within the organization.



The list of documents that bank requires to open a bank account for NPOs is listed below.

### Club/Non-Governmental Organization

- Copy Certificate of incorporation of the club/non-governmental organization, copy of Bidhan and renewal certificates of COI is subject to renewal
- PAN or the documents issued by the government offices use for tax clearance purpose
- Photos and copy of passport, citizenship certificate of directors/executive members/CEO
- Audited financial report of last fiscal year
- Executive Committee resolution as to open and operation of account.
- In case of change of address from the initial registered, copy of the same

- Any other documents if feel necessary and required by the bank

### **International Non-Governmental Organization**

- Firm registration certificate, PAN or the documents issued by the government for the purpose of tax.
- Passport size photo, citizenship certificate or passport of Managing Director/CEO, Country Director/Chief, Account operator
- Audited financial report and tax clearance certificate of last fiscal year
- Copy of the agreement entered between the Social Welfare Council and the Organization, if any.
- Copy of the agreement with Government of Nepal, if any.
- Recommendation letter from the respective country or Embassy of that country if affiliation certificate has not been obtained from the authorities of Nepal.
- Charter of the Organization.
- Resolution of the Organization regarding opening and operating of the account and delegation of authority to carry economic transactions.
- In case of change of address from the initial registered, copy of the same

**Any other documents if feel necessary and required by the bank.**

## **FINANCIAL STATEMENT TEMPLATE BY NEPAL ACCOUNTING STANDARD (NAS) FOR NOT FOR PROFIT ORGANIZATIONS**

Nepal Accounting Standard (NAS) provides a recommended financial statement template designed for the specific needs of Not-for-Profit Organizations (NGOs and INGOs). This template is outlined in Annexure 1 and is structured to fulfill the essential information requirements for non-profit organizations. Organizations have the flexibility to include additional information in these templates to enhance financial transparency and provide crucial insights to their diverse stakeholders.

The Institute of Chartered Accountants of Nepal (ICAN) has announced the postponement of the effective dates for the implementation of Nepal Financial Reporting Standards for Small and Medium Sized Entities (NFRS for SMEs), Nepal Accounting Standards for Not-for-Profit Organizations (NAS for NPOs), and Nepal Accounting Standards for Micro Entities (NAS for MEs). Due to the impact of COVID-19 on businesses, these standards will now become applicable from 16th July 2023. Until this date, entities have the option to voluntarily adopt and implement these standards for their financial reporting.

# **CHAPTER 6**

## **LEGAL REGIME**

### **GOVERNING INGOs**





## LOCAL REGIME GOVERNING INGOs

### INTERNATIONAL NGOS IN NEPAL

**For more than six decades, Nepal has been a recipient of aid, initially through bilateral support and later from multilateral agencies and International Non-Governmental Organizations (INGOs). In Nepal, INGOs possess substantial autonomy in executing projects and programs, directly receiving resources from bilateral and multilateral aid agencies, as well as international organizations.**

As per Article 59 (6) and Schedule 5 (5) of Nepal's constitution, the responsibility of mobilizing foreign aid from both multilateral/bilateral Development Partners (DPs) and INGOs primarily falls upon the federal government. Schedule 6 (2) of the constitution permits provincial governments to acquire foreign grants and assistance from various DPs, subject to the federal government's consent. Meanwhile, both provincial and local governments are barred from obtaining foreign loans, and local governments, specifically, are prohibited from directly receiving foreign grants.

Nepal is home to over 200 active INGOs, which provide funding to local Non-Governmental Organizations (NGOs) in areas like health, agriculture, poverty alleviation, and good governance. The list of INGOs operating in Nepal can be found in Annexure 2. Despite the presence of numerous non-governmental organizations and substantial foreign aid, Nepal still remains one of the least developed countries in South Asia. Bilateral and multilateral organizations that offer assistance and support collaborate closely with the government.

According to the Development Cooperation Report by the Ministry of Finance in 2076-77 (2019-20), INGOs contribute around 12 percent of the total official development assistance provided by donors. In 2018-19, INGOs disbursed aid totaling \$215 million, but due to the impact of COVID-19, the aid disbursement in 2076-77 (2019-20) decreased to \$132.80 million (Rs 15.80 billion), a decline of about 39 percent compared to the previous period. Nevertheless, over the past decade, INGOs have shown a positive upward trend in their contributions, significantly impacting service delivery, advocacy, awareness, health, education, governance, and humanitarian assistance. The government has acknowledged the vital role of INGOs in national development, rural service delivery, and human capital development, among other areas.

The active involvement of development partners, including INGOs, is crucial for Nepal to achieve its commitment of realizing the Sustainable Development Goals by 2087 (2030) and ensuring the sustainability of its federal structure. Nepal is making progress toward these goals, with notable achievements in child health, such as meeting the targets for infant and under-five mortality rates,

and significant reductions in malnutrition. Furthermore, progress is being made in reducing maternal mortality rates, aligning with the Millennium Development Goal (MDG) targets.

The Social Welfare Council (SWC) is Nepal's principal regulatory agency for non-governmental organizations (NGOs). The following are the main laws that govern INGOs in Nepal:

- a. The Social Welfare Act of 2049 (1992) and the Social Welfare Council Rules of 2049 (1992)
- b. Aside from the Act and the Rules, the Social Welfare Council has adopted a number of guidelines to govern INGOs, which are updated on a regular basis.

To operate the INGOs, it is necessary to obtain SWC approval. Before conducting development, social, or welfare activities in Nepal, a General Agreement and a Project Agreement must be signed with SWC. Therefore, the major guidelines governing INGOs in Nepal are the Guidelines for General Agreement, Service and Facilitation, Guidelines for Project Agreement Appraisal, and Guidelines for Monitoring/Evaluation.

## **GENERAL AGREEMENT**

The General Agreement functions as a bilateral accord, forming the cornerstone of an INGO's presence and activities within Nepal. Within this agreement, the scope of support that the INGO can provide in Nepal is delineated, along with the stipulated minimum annual funding for Nepal, guidelines for establishing an office within the country, and obligations related to filing and reporting, among other aspects.

This agreement is time-bound and necessitates renewal upon its expiration. While parties have the option to terminate the agreement, prior notice of six months is required.

The General Agreement encompasses key details, including:

- (a) The specific areas within Nepal that the INGO intends to support,
- (b) The annual funding amount allocated for project implementation,
- (c) The deadline for submitting project proposals for the Project Agreement,
- (d) Requirements for submitting progress reports and
- (e) other compliance-related documents to the Social Welfare Council (SWC).

## **PROCEDURE TO ENTER INTO A GENERAL AGREEMENT**

Along with the application following documents has to be submitted by INGOs:

- a. Certificate of Registration of the home country,

- b. By-Laws (Approved Constitutions),
- c. If by-Laws do not explain the objective clearly and authentic document to state its objectives is required in addition,
- d. Financial Commitment (minimum USD 2,00,000 per annum),
- e. Concept paper/ project proposal, and
- f. Draft General Agreement (in the prescribed format)
- g. Letter of Authorization to deal with the business of agreement,
- h. A Copy of Citizenship, Passport and Bio data of the authorized person,
- i. Covering Letter,
- j. Reliable Funding Sources.

The SWC shall grant approval within 3 months period from the date of receiving of the application.

The General Agreement is entered only for a certain period of year (minimum 3 years and maximum 5 years) and is subject to the renewal requirement thereafter.

### **RENEWAL OF GENERAL AGREEMENT**

In order to renew the General Agreement for a next term, following information/documents shall be provided:

- Evaluation Report,
- General Agreement Draft,
- Audit Report,
- Commitment to Implement the Suggestion Prescribed by the Final Evaluation Report and
- Annual Financial Commitment Letter

### **LOCAL OFFICE**

Opening an office within Nepal is a compulsory requirement for INGOs. However, the local office established in accordance with the General Agreement does not possess autonomous legal status or distinct corporate identity from the INGO's legal status under foreign regulations. Moreover, this local office lacks the capability to independently carry out projects within Nepal without the collaboration of local NGOs. Furthermore, the local office of the INGO must complete the registration process with Nepal's tax authority and secure a permanent account number.

### **PROJECT AGREEMENT**

The Project Agreement is a tripartite agreement between the INGO, the NGO (as the local partner), and the Council outlining the areas of activities in which the INGO will assist the local NGOs, the annual funding the INGO will make in implementing the projects, the areas within Nepal where the

projects will be implemented, and the roles and responsibilities of each party to the Project Agreement.

Project agreement incorporates (a) background, (b) objectives, (c) implementation process/ methodology, (d) monitoring plan, (e) budget estimate etc. of the projects that INGOs intent to operate.

#### **SUBMISSION OF PROJECT AGREEMENT TO SWC**

TO INITIATE THE PROCESS, THE PROJECT AGREEMENT (PA) APPLICATION MUST BE SUBMITTED WITHIN A SPAN OF 3 MONTHS STARTING FROM THE DATE OF THE GENERAL AGREEMENT'S SIGNING, TO THE SOCIAL WELFARE COUNCIL (SWC). IN THE EVENT THAT INGOs ARE UNABLE TO MEET THIS DEADLINE, AN ADDITIONAL EXTENSION OF 3 MONTHS WILL BE GRANTED BY THE SWC FOR THE SUBMISSION. FAILURE TO COMPLY WITHIN THE EXTENDED TIMEFRAME WILL LEAD TO THE IMPOSITION OF FINES.

INGOs HAVE THE FLEXIBILITY TO ESTABLISH MULTIPLE PROJECT AGREEMENTS UNDER A SINGLE GENERAL AGREEMENT.

#### **CONSEQUENCES OF FAILING TO ENTER INTO THE PROJECT AGREEMENT**

FAILURE TO ENGAGE IN THE PROJECT AGREEMENT WITHIN THE INITIAL THREE-MONTH PERIOD, AS STIPULATED BY THE COUNCIL, WILL LEAD TO THE INVALIDATION OF THE GENERAL AGREEMENT. THIS SITUATION ALSO RESULTS IN THE CANCELLATION OF WORK PERMITS AND VISAS FOR THE INGOs' REPRESENTATIVES.

#### **MINIMUM DONATION AMOUNT**

INGOs ARE OBLIGATED TO CONTRIBUTE A MINIMUM OF \$200,000 ANNUALLY. THESE FUNDS MUST ORIGINATE FROM SOURCES OUTSIDE NEPAL.

#### **BANK ACCOUNT**

A MANDATORY REQUIREMENT ENTAILS OPENING A BANK ACCOUNT WITH A COMMERCIAL BANK IN NEPAL. ADDITIONALLY, THE INGO MUST DEPOSIT THE SPECIFIED FINANCIAL COMMITMENT AMOUNT, AS PLEDGED IN THE GENERAL AGREEMENT, FOR EFFECTIVE PROJECT IMPLEMENTATION.

#### **RESTRICTIONS IMPOSED ON INGOs**

- INGOs ARE BARRED FROM DIRECTLY IMPLEMENTING PROJECTS WITHIN NEPAL WITHOUT INVOLVING LOCAL PARTNER ORGANIZATIONS.
- INGOs ARE PROHIBITED FROM INVESTING IN PROFIT-ORIENTED ENTITIES WITH INTENTIONS OF CONDUCTING BUSINESS WITHIN NEPAL.
- INGOs ARE RESTRICTED FROM ALLOCATING MORE THAN 20% OF TOTAL FUNDING TO ADMINISTRATIVE COSTS.

#### **LOCAL PARTNERS**

INGOs ARE MANDATED TO CARRY OUT PROJECTS THROUGH LOCAL PARTNERS, WHICH ENCOMPASS EITHER NON-GOVERNMENTAL ORGANIZATIONS (NGOs), PROFIT NOT DISTRIBUTION COMPANIES, OR REGISTERED ENTITIES ESTABLISHED WITH THE OBJECTIVE OF NOT DISTRIBUTING PROFITS. THESE LOCAL PARTNERS ARE REQUIRED TO HAVE A MINIMUM OF TWO YEARS OF WORK EXPERIENCE. IF ELIGIBLE PARTNERS ARE UNAVAILABLE WITHIN THE PROJECT DISTRICT, PREFERENCE IS GIVEN TO ZONAL, REGIONAL, AND CENTRAL-BASED PARTNERS, RESPECTIVELY. IN SUCH SCENARIOS, LOCAL PARTNERS SHOULD BE CHOSEN AS SUB-PARTNERS, AND THEY MUST BE SUFFICIENTLY CAPACITATED WITHIN ONE YEAR FROM THE PROJECT STARTUP TIMELINE.

#### **FILING AND REPORTING COMPLIANCE**

INGOs HAVE THE FOLLOWING OBLIGATIONS: • SUBMIT AN AUDIT REPORT TO THE COUNCIL WITHIN SIX MONTHS FOLLOWING THE COMPLETION OF THE FISCAL YEAR, ALONG WITH A COMPREHENSIVE DESCRIPTION OF THEIR WORK AND ACTIVITIES. • PROVIDE UPDATES ON THEIR ACTIVITIES EVERY SIX MONTHS. • SUBMIT AN ANNUAL REPORT THAT OUTLINES ADMINISTRATIVE AND PROGRAM COSTS.

#### **CONSEQUENCES OF NON-COMPLIANCE WITH GENERAL & PROJECT AGREEMENTS**

FAILURE TO ADHERE TO THE TERMS OF THE GENERAL AND PROJECT AGREEMENTS MAY RESULT IN: • BLACKLISTING OF THE INGO. • A FINE OF USD 1,000 IMPOSED ON THE INGO IF IT ENTERS INTO THE PROJECT AGREEMENT AFTER INITIALLY FAILING TO DO SO WITHIN THE PRESCRIBED PERIOD. • A FINE OF USD 2,000 LEVIED ON THE INGO IF IT INTENDS TO ENGAGE IN THE GENERAL/PROJECT AGREEMENTS AFTER INITIALLY FAILING TO MEET THEIR OBLIGATIONS.

REGENERATE

# CHAPTER 7, OTHER APPLICABLE LAWS FOR NPOs (TAX & LABOR LAWS)



## **OTHER APPLICABLE LAWS**

### **I. TAX LAW**

**NPOs have been contributing a huge amount of withholding tax and submitting financial statements to tax offices every year.**

In accordance with the Income Tax Act, 2058 (2002), organizations devoid of profit motives, or those dedicated to social, educational, religious, charitable, and similar pursuits, can benefit from tax exemption as sanctioned by the Inland Revenue Department (IRD). While Nepal's taxation framework incorporates specific provisions for tax exemptions, such concessions are sanctioned on a case-by-case basis following deliberation with the concerned line ministry or Cabinet.

The Income Tax Act, 2058 (2002) necessitates that non-governmental and Not-for-Profit Organizations (NPOs) acquire a Permanent Account Number (PAN) and subsequently seek tax-exempt status. This is achieved by following the prescribed procedures delineated in the Act, thereby facilitating the application and approval process for tax exemption.

#### **Procedure to get Tax Exemption Certificate**

An application by the Not-for-Profit Organization needs to file at the IRD for the tax exemption with all supporting and registered documents. IRD thereafter, provides a tax exemption certificate to these organizations.

#### **Supporting Documents**

- i. Application address to Inland Revenue Department office for the tax exemption in the letter head of Not-for-Profit Organization.
- ii. Board minute to apply for a tax exemption certificate
- iii. Entity Registration Certificate
- iv. Permanent Account Number (PAN)
- v. Certified copy of citizenship of all board members
- vi. Ward Registration Certificate
- vii. Copy of Constitution in case of NGO & Trust
- viii. Copy of MOA/AOA in case of Profit-not-distributing company
- ix. Copy of property tax paid receipt
- x. Copy of DAO Registration Certificate
- xi. Copy of SWC affiliation
- xii. Rent agreement with house owner
- xiii. Property Tax Paid Receipt of House Owner
- xiv. Copy of Citizenship of House Owner



When seeking a tax exemption certificate for INGOs, the procedure involves submitting a recommendation letter from the Social Welfare Council (SWC) along with all the pertinent supporting documents to the Inland Revenue Department (IRD).

However, it's important to note that tax exemption doesn't entail a blanket exemption from all types of taxation. Exemptions on taxes are not applicable in the following scenarios:

- The share of profits derived from consulting income obtained through grants or successful bids remains subject to taxation.
- If a non-profit secures a bid from a donor through a competitive process where for-profit entities also participated, any profit generated from such activities is taxable.
- If a non-profit is engaged in activities beyond its established functions or objectives, any income arising from such endeavors is taxable.

Recently, the issuance and renewal of tax exemption certificates for non-profit entities have been suspended by the IRD. Consequently, whether or not NPOs receive a tax exemption certificate is solely at the discretion of the IRD.

#### **Tax Deducted at Source (TDS) on the payment to vendor or service providers.**

- If vendors or service providers are registered in PAN, 15% is deducted in the payment to such vendors or service providers;
- If vendors and service providers are registered in VAT, 1.5% is deducted in the payment, and 13% is paid for the VAT

#### **TDS on the salaries of employees/staff**

- Up to Rs 4 lakh of annual income, 1% of TDS is deducted
- For annual income of Rs 4 lakhs to 5 lakhs, 10% of TDS is deducted in additional 1 lakh
- For annual income of Rs 5 lakhs to 7 lakhs, 20% TDS is deducted in additional 2 lakhs
- For annual income of Rs 7 lakhs to 20 lakhs, 30% TDS is deducted in additional 13 lakhs
- For annual income more than 20 lakhs, 36 percent TDS is deducted above 20 lakhs.

The Income Tax Act, 2058(2002) ("ITR") amended on Ashar 20, 2077 (July 4, 2016) (the "ITR Amendment") deals with submission of financial statement and tax returns and the renewal of tax exemption certificate ("Tax Exempt Certificate") by tax exempt entities such as NGOs, INGOs and Charitable Organizations ("Tax Exempt Entities").

The ITR Amendment have following implications on the Tax-Exempt Entities.

- Rule 5A requires Tax Exempt NPOs to get their Tax-Exempt Certificate renewed with the Inland Revenue Department (“IRD”) on an annual basis.
- Tax Exempt Entities to submit their audited annual financial statements to the IRD within 3 months after the expiry of each fiscal year. Prior to the amendment while entities receiving tax exemption through advance ruling were required to submit their annual financial statements such requirement was not applicable to other Tax-Exempt Entities.
- In case of Tax Exempt Entities that receive any taxable income, the tax withholding on which is regarded as final pursuant to Section 92 of Income Tax Act, 2058(2002) (such as on account of rent, interest, dividend, etc.), the ITR Amendment has introduced the requirement to submit tax returns in accordance with Section 96 of the Income Tax Act.

If an organization has income generating activity – other than receipt of donations, contribution, membership fees, and the like – then that income is normally also covered by the tax exemption. CSOs are, however, prohibited from receiving exemptions on transactions involving the purchase or sale of any product with a commercial motive. Under the prevailing Income Tax Act, 2058(2002), tax paying establishments are allowed to deduct from their tax bill up to NPR 100,000 (US \$1,000), or five percent of taxable income, whichever is lower. This amount is negligible, and corporate establishments have not been incentivized to give more by such provisions.

A company may also deduct up to NPR 1 million (US \$10,000), or ten percent of taxable income, whichever is lower, if their contribution is used for the protection and promotion of ancient, religious and cultural heritage in Nepal or for the construction of physical infrastructure for sports open to the public. It is, however, subject to the prior approval of the Inland Revenue Department. However, in special cases, such as natural disasters, the government of Nepal has made special appeals to corporate sectors and raised – albeit temporarily – this ceiling to facilitate higher levels of giving.

All other tax facilities and benefits are granted on an ad-hoc basis. Various goods imported from abroad are exempt from customs duty and value added tax (VAT) if they are obtained as a commodity grant or purchased for charitable purposes by an NGO. For instance, buying an ambulance or receiving relief materials to be distributed to disaster victims would both qualify for partial exemptions. Despite these allowances, Nepalese income tax law does not guarantee that such non-profit donations are entitled to exemptions from income taxes, and this issue must await decision by the Inland Revenue Department. So far there are no laws restricting civic organizations from engaging in public benefit or charitable activities, provided the activities fall within the scope of the objectives contained in the organization’s statutes.

Despite the ad hoc nature of the exemptions, CSO income is generally tax-free in practice, and gifts, donations, and membership dues are not considered income. Interest is, however, usually taxed by Nepalese banks. If CSOs are providing services and are paid for rendering them, they are required to pay – although many CSOs are suspected of non-compliance – taxes unless they have a tax exemption certificate, for which they must apply to the Inland Revenue Office.

## **II. LABOR LAW**

### **1) INTRODUCTION**

The Labor Act of 2074 (2017) was introduced as a replacement for the Labor Act of 2048 (1992). This new act supersedes the previous labor regulations and applies universally to organizations, regardless of whether they are profit-oriented or not-for-profit entities. The labor laws within this act play a crucial role in defining the interactions between employers, employees, and the organization itself, thereby facilitating smooth operational processes.

The policies and guidelines outlined in the Labor Act are incorporated into the Policy Manual or HR Manual of the respective organizations. Prior to its implementation, the Manual must receive approval from the organization's board of directors. Following this approval, the Manual is submitted to the Labor Office for further assessment. The Labor Office may provide recommendations for alterations if any aspects of the Manual conflict with the provisions stipulated in the Labor Act.

Effectuating the transition, the Labor Act of 2074 (2017) was officially enforced on the 9th of Bhadra, 2074 (equivalent to 4th September 2017). This enactment led to the abrogation of the Labor Act of 2048 (1992), Industrial Trainee Training Act of 2039 (1982), and Retirement Fund Act of 2042 (1985).

### **2) SCOPE OF LABOR LAWS IN NEPAL**

#### **Entities Registered in Nepal**

Labor laws in Nepal are applicable to a wide range of entities, encompassing companies, private firms, partnership firms, cooperatives, associations, and other organizations such as NGOs and INGOs, whether they operate for profit or not. These entities may be established, incorporated, registered, or formed under existing laws to engage in business, industry, or service provision.

When it comes to entities registered in foreign countries but involved in sales and market activities in Nepal through representatives or employing labor locally, the Labor Act outlines provisions for dispute resolution. Should the foreign entity breach the terms of the employment agreement, the representative or hired labor has the right to file a complaint with the Labor Office or Labor Court, in accordance with the Labor Act.

The Labor Act also addresses the situation of domestic workers, laying down regulations for their treatment. This includes stipulating minimum remuneration, public and weekly holidays, and allowing deductions from remuneration for food and lodging if provided. The Act also emphasizes the importance of respecting the cultural, religious, and traditional festivals of domestic workers.

However, certain entities are exempted from the scope of the Labor Act. This exemption applies to civil services, armed forces, and other entities incorporated under different existing laws or within special economic zones. If the terms and conditions of service in these exempted entities are covered by other prevailing laws, the Labor Act does not apply. Additionally, working journalists are not governed by the Labor Act, unless their employment contract explicitly indicates its applicability.

It's important to note that the Labor Act does not expressly specify its application to individuals working within foreign diplomatic missions. Foreign missions typically enjoy exemptions from local laws and jurisdiction, which could extend to employment matters within Nepal.

#### **Entities where Labor Act is applicable**

- A company, private firm, partnership firm, cooperatives, association or other organization (NGOs, INGOs) in operation, or established, incorporated, registered or formed under prevailing laws to undertake industry or business or provide service with or without profit motive.
- Entity Registered in foreign countries and engaged in the promotion of business, sale of products or promotion of other works in Nepal

#### **Entities where Labor Act is not applicable**

- Civil Service
- Nepal Army, Nepal Police, Armed Police Force
- If services under other prevailing specific laws and Special Economic Zones to the extent separate provisions are provided
- If there is an employment agreement by the enterprises falling under Working Journalists Act, 2051 (1995)

### **3) TYPES OF EMPLOYMENT**

The Labor Act has provided flexibility in hiring providing different modes of hiring as per the requirement of the entity:

#### **Hiring of Employees**

- Classify the position available in the organization and inform the same to the labor office.
- Advertisement is required to fill up vacant post.
- Appointment letter should be given while hiring in service.
- Approval of Labor Department is required to hire foreign national.

#### **Hiring Option**

- **Regular Employment:** the person hired for the work or service other than work based, time bound, casual or piece rate employment.
- **Work Based Employment:** the person hired for carrying out specific work or rendering specific service.
- **Time bound Employment/Temporary Employment:** the person hired for carrying out work or rendering service for definite period.

- **Casual Employment:** the person hired to carry out the work or rendering service for seven or less days in a month.
- **Part -time Employment:** the person who is hired in such a manner that he works for 35 hours or less in a week.
- The Part-time worker cannot be restricted to work in other places. The remuneration of such part time worker shall be on the basis of the hours he/she works unless otherwise provided in the employment agreement. The remuneration shall be determined on the basis of remuneration of regular employee engaged in similar work. The part time worker shall be entitled to social security benefits.

#### 4) **OUTSOURCING**

This mainly refers to out-sourcing regular activity of a company to another company providing such services. The most common in practice is security personnel, driver, messenger, cleaning, gardening services.

This primarily involves delegating routine tasks of a company to another company specialized in providing such services. Common examples include security personnel, drivers, messengers, cleaning, and gardening services.

- ♣ **Outsourced Work:** Laborers engaged through outsourcing can perform tasks unrelated to the core operations of the hiring entity.

- ♣ **Outsourcing Provider:** A company approved by the Labor Office or Labor Department can supply manpower to other entities.

- ♣ **Restrictions:** A company is limited to supplying manpower for up to two types of work or services. The Labor Act also prohibits the engagement of labor from a provider where the Main Employer, their management, or family members have interests.

- ♣ **Main Employer's Responsibilities:** The Main Employer (the entity contracting for outsourced labor) should obtain labor from a licensed Labor Supplier. If labor is acquired from an unlicensed outsourcing agency, the laborers are considered employees of the Main Employer. The Main Employer can engage labor supplied by the Labor Supplier through a contract. This contract must ensure that laborers receive remuneration and benefits not less than those mandated by the Labor Act. The Main Employer must regularly verify that the Labor Supplier consistently provides the stipulated remuneration and benefits. If the Labor Supplier fails to provide such compensation, the Main Employer is obligated to report to the Labor Office or Department. Additionally, the Main Employer must adjust wages if legal minimums increase.

- ♣ **Labor Supplier's Responsibilities:** Labor Suppliers must secure a license to conduct business. A license is granted by the Labor Office or Department upon submission of a security deposit or bank guarantee. Labor Suppliers are responsible for ensuring remuneration and other entitlements for outsourced workers. Failure to pay remuneration and benefits can lead to license termination. Violations of regulations or directives under the Labor Act can result in fines of up to Rs. 25,000 for the Labor Supplier. In the event of Labor Supplier liquidation, any outstanding remuneration and benefits must be settled within 15 days. If the Labor Supplier defaults, payment will be sourced from the furnished security or bank guarantee.

#### 5) **TERMS OF PROBATION**

Organization should hire worker/employee on probation for regular/permanent job. Probation period will be six months from the date of appointment. Public holidays and weekly day offs are counted while computing probation period.

## Confirmation

- Organization may terminate probationer's service at any time, without compensation and prior notice unless otherwise provided in contract.
- Confirmation letter should be given to the employee satisfactorily completing probation period.
- Confirmation letter should contain the detail terms of service such as facilities, remuneration etc.

## 6) PROVISION RELATED TO INTERN AND TRAINEE

- **Intern-** The Labor Act has introduced the concept of intern according to which any person may be allowed to work as intern pursuant to the approved syllabus of any educational institution after concluding the agreement with that educational institution. The interns shall not be engaged at work exceeding 8 hours a day and 48 hours a week. Interns are entitled to health and safety arrangements, and to medical expenses and compensation in case of injury at work. The intern shall be deemed regular employee if engaged in work other than prescribed in
- **Trainees** -The Labor Act also covers the trainees engaged in a work. The employer may also appoint a trainee to work, provided that the training period should not exceed more than a year. However, training for specialized work whose time period has been assigned by law is not regulated by this provision. The trainee should be provided with social security benefits including provident fund, gratuity, and minimum remuneration. The employer is not obliged to appoint the trainee as regular employee upon the completion of training period. However, if such trainee is appointed, he/she shall not be kept in probation.
- There was no such classification in the Previous Act and the Previous Act did not regulate the intern and trainee.

## 7) HIRING FOREIGN NATIONALS

The New Labor Act continues the general terms of hiring of foreign nationals by a local entity that the foreign national can only be hired if local skill sets are not available for the job. In addition to the general rule of hiring of the foreign nationals the New Labor Act also provides certain new provisions such as flexibility on work permit for certain entities the language of employment agreement, repatriation of salary and terms and condition of service etc. The provisions are briefly summarized below.

- General Provisions:** No foreign nationals can be engaged in work without having obtained the work permit from the Department. Prior to engaging a foreign national in work, the entity must publish an advertisement in national level Daily Newspaper to fill the vacant posts by Nepali citizens. If no application is submitted or if no local skill set is available for any work after the vacancy publication foreign national can be hired for the work with the approval of Labor Department.
- Entity with foreign investment or operating on foreign aid:** Work permit to the foreign nationals hired as the chief executive may be provided by simply recording them at the Department. The work permit may also be provided in the same manner to the employees for such number as prescribed.



- c. **Work Permit for technicians for short period:** Technicians engaged for less than three (3) months to carry out repairing of any machinery or installing new technology or similar casual work may be provided work permit simply by recording in the Labor Department.
- d. **Employment Agreement:** As per the New Labor Act, no foreign national can be engaged in work without the employment agreement which should be entered into either in language understandable by such foreign national or in English language. Unless otherwise provided in the agreement, the employment agreement continues for three years.
- e. **Repatriation of Income:** The foreign nationals can repatriate their income in convertible foreign currency.
- f. **Work Permit Exemption:** The foreign nationals having diplomatic immunity or the foreign nationals who are exempted from work permit under the treaty or agreement entered into with Nepal government are exempted from work permit requirement.
- g. **Total ceiling:** The Labor Rules limits the number of foreign nationals that can be engaged in an entity. The number of foreign nationals should not exceed 5% of the total employees in the entity. There is no clarity as to whether or not the total ceiling applies to the foreign nationals to whom the work permit is issued by way of recording.

❖ *If foreign nationals do obtain work in Nepal, they need to request a work permit as per section 22 and 23 of the Labor Act 2074 (2017). However, if they are provided diplomatic immunity or have some written arrangement based on a treaty or agreement with the Government of Nepal, they may proceed without a work permit.*

## 8) WORKING HOURS AND TIME DATE

Section 28 of Labor Act has defined the working hours and timings of employment. The major provisions related to working hours are explained as below;

<b>Working hours</b>	•8 Hours a day and 48 hours a week
<b>Overtime</b>	•Not exceeding 4 hours a day & 24 hours a week

Working Patterns/hours	Hours/Time/Days
<b>Maximum Working Hours:</b>	<ul style="list-style-type: none"> <li>▪ 8 hrs a day or 48 hrs a week. Employers have flexibility to fix the work hours and also engage employees in shifts.</li> </ul>
<b>Maximum Overtime</b>	<ul style="list-style-type: none"> <li>• 4 hrs a day and 24 hrs a week as provisioned by section 30</li> <li>• The overtime wages also continue to be one and a half times the worker's ordinary wage rate as per section 31</li> </ul>
<b>Working Time for Female and Minor:</b>	<ul style="list-style-type: none"> <li>○ 6 am to 6 pm unless otherwise agreed with them</li> </ul>
<b>Break</b>	<ul style="list-style-type: none"> <li>• Tiffin break: 30-minute break in a day (Section 28)</li> </ul>

	<ul style="list-style-type: none"> <li>• additional 30 minutes break for pregnant and other female employees whose child is less than 3 years of age</li> </ul>
<b>Weekly off</b>	<ul style="list-style-type: none"> <li>• one day off in a week</li> </ul>

Labor Act requires Employer to make arrangement for transportation while engaging a female employee in such a way that the working period begins or ends before the sunrise or after the sunset.

## 9) SALARY/REMUNERATION

- **Minimum remuneration (Section 34)** - The minimum remuneration was revised by the Ministry of Labour, Employment and Social Security on 20 Baisakh 2078 (03 May of 2021). The new minimum remuneration applicable from 16 July 2021 is NPR 15,000 per month. Overtime remuneration must be 1.5 times the regular remuneration.
- **Increment of the remuneration (Section 36)** - Annual increment is applicable to an employee who has worked for at least 1(one) year and must be at the rate of half-day salary of the monthly basic remuneration. Overtime payment (section 31)- 1.5 times the basic salary
- **Payment of Salary** - The payment of the remuneration must be done on the following basis:

Nature of employment	Time of payment
<b>Engaged for less than a month</b>	within 3 days from the date of completion of the work
<b>Engaged in a casual employment</b>	upon the completion of the work
<b>Other employees</b>	the payment period should not exceed 1 month.

No gender-based discrimination on salary

## 10) LEAVE AND HOLIDAYS

The Labour Act has provided for the following holidays and leave:

Heading	Labor Act, 2074 (2017)
Weekly Off	1 day every week
Public Holidays	13 days 14 days including International Women Labor Day for female employees

Annual Leave	1 day for every 20 worked days (18 days in a year)
Sick Leave	Fully paid up to 12 days Eligibility: on a proportional basis for those employees who has not completed 1 year of service
Maternity Leave	Pregnant or nursing mothers are allowed a total of 98 days off from work based on their maternity leave. They are fully paid for up to 60 days.
Paternity Leave	Paternity leave is given for 15 days and is fully paid during this period.
Mourning Leave	13 days
Leave in lieu	For the laborers put in work on public holiday or weekly off
Special Leave	No
Accumulation	Home Leave- 90 days Sick Leave- 45 days Excess Accumulation- Encashed every year.

- ❖ The Act has also made it compulsory maternity leave from 2 weeks before the delivery up to at least 6 weeks after the delivery.
- ❖ All employees are eligible for a total of 13 days off for annual public holidays, including May Day. Women are given an extra day off for Women's Labor Day holiday.

- Some principles related to leave recognized by Law:
  - Leave is not regarded as matter of right but privilege. The approving authority may accept or decline leave request or curtail approved leave.
  - Prior approval is required except in case of urgency.

Going for leave without approval is misconduct.

## 11) TERMINAL BENEFITS

Labor Act of Nepal has provisioned that each employee is eligible for the terminal benefits irrespective of length of service or nature of employment. The benefits have been explained briefly in the following table.

Headings	Act
Social Security Fund (Section 52)	Contribution: 10% by employer and 10% by employee of the basic remuneration of the concerned employee.

	<p>Eligibility: permanent employee</p> <p><i>The same contribution had been deposited in Provident Fund before the enactment of new laws.</i></p>
Gratuity	<p>Rate of Gratuity: 8.33% of basic remuneration</p> <p>Time of Allocation: Every month (time of payment of remuneration)</p> <p>Eligibility: since the first day of employment</p>
Leave Encashment	<p>Accumulation:</p> <ul style="list-style-type: none"> <li>-Home Leave up to 90 days</li> <li>-Sick Leave up to 45 days</li> </ul> <p>Encashment -at the time of discontinuation of service at the rate of last drawn salary.</p>

## 12) OTHER BENEFITS

Headings	Labor Act Provision
Festival Expenses	Amount equivalent to the monthly remuneration once a year. The employee not completing 1 (one) year service is entitled to the expenses on proportional basis.
Disability Compensation	from insurance amount on the basis of degree of disability
Compensation against Injury	from insurance amount
Death Compensation	The Act provides that the nearest successor is entitled to the amount of accident insurance.
Medical Insurance	<p>Coverage: at least one hundred thousand rupees (Rs. 100,000) per year for every worker</p> <p>Premium: half by the employer and half by the employee</p>
Accident Insurance	<p>Coverage: at least seven hundred thousand rupees (Rs. 700,000) for every worker</p> <p>Premium: fully paid by employer</p>

### 13) SAFETY AND HEALTH ARRANGEMENT

**Formulation of Safety and Health Policy:** As per the Labor Act, the entity should formulate the safety and health policy as per the Regulation or Directive. Such policy should be registered with Labor Office.

**Safety and Health Committee:** Where 20 or more workers are engaged in work in an entity, employer shall constitute a safety and health committee having the representation of workers.

**Employer's Duties-** The Labor Act has set out the duties of employer towards workers which include making appropriate safety and health arrangement, arrangements ensuring no adverse effect on workers from use, operation, storage or transport of chemical, physical or biological liquids, disseminating necessary notice, information and training related to safety and health arrangements, etc. It also sets out the general obligation of employer towards non-workers such as putting the signs to indicate the safety or health hazards, to manage the gas, chemicals waste of the entity so as not to cause adverse effect on local animals, people or environment, etc.

**Employee's Duties-** The Labor Act also sets out the duties of workers related to safety and health arrangements which includes refraining from doing any activities that are likely to cause adverse effect on safety and health of any individuals in the entity, cooperate with the employer to effect the health and safety arrangements, to compulsorily use the personal safety devices provided by the employer, etc.

**Stopping Work-** In case of the immediate threat of any injury or adverse effect on health or damage to the devices in the entity, the worker should provide the information thereof to the employer who should cause to stop the work until the period the threat is prevented or minimized.

**Preventing Communicable Diseases-** The employer should arrange for the prevention of communicable disease in the workplace. The worker suffering from the communicable disease can be ordered to stay in the unpaid leave or adjust with other leave and may be restricted to come to workplace until cured.

**Medical Expenses-** In case any worker suffers from the work-related hazardous disease, he/she should be provided medical expenses. And where such disease cannot be cured the worker should be provided compensation as prescribed.

**Light Work to Pregnant-** The employer is required to make arrangement to put the pregnant female laborer in such work which generally does not have adverse impact on her health.

### 14) DISCIPLINARY ACTIONS

Based on the nature of misconduct done by the employee, following disciplinary action can be taken:

Punishment	Misconduct under New Labor Act
Warning	<ul style="list-style-type: none"><li>■ absence from the work without obtaining permission,</li><li>■ leaving the workplace without obtaining the permission from the Managerial level,</li><li>■ coming late frequently without obtaining permission,</li><li>■ not abiding the order of the senior or employer with regard to work,</li><li>■ other misconducts as prescribed in Bylaws.</li></ul>

Withholding of Annual Salary Increment for One Year or Withholding Promotion for One Year	<ul style="list-style-type: none"> <li>▪ taking the entity's property outside the entity or allowing unauthorized person to use such without the permission of the competent person</li> <li>▪ embezzlement with the entity's transactions</li> <li>▪ destroying the entity's property due to negligence or recklessness</li> <li>▪ preventing the supply of food and water in entity or obstructing movement in the entity</li> <li>▪ abusing any items kept or arrangements made for interest, health and safety of the workers or employees or causing damage to them intentionally</li> <li>▪ Other misconducts as prescribed in Bylaws.</li> </ul>
Deduction of One Day Remuneration	<ul style="list-style-type: none"> <li>▪ not accepting the letter or notice of punishment</li> <li>▪ participation or compelling to participate in illegal strike</li> <li>▪ collectively delaying in the work</li> <li>▪ causing loss to the entity by reducing the production or service recklessly or negligently</li> <li>▪ trying to take facilities by submitting false details</li> <li>▪ not using the security instruments provided by the employer</li> <li>▪ Other similar misconducts as prescribed in Bylaws</li> </ul>
Suspension	<p>There is no such disciplinary action.</p> <p>(The employee can be suspended (a) for investigation of misconduct or (b) if he/she is taken in judicial custody for any offence by lawful authority. But this is not the form of punishment)</p>
Dismissal from Service	<ul style="list-style-type: none"> <li>▪ causing bodily harm or injury to Proprietor, Manager or Employee of the entity</li> <li>▪ accepting or offering bribe</li> <li>▪ stealing property of entity</li> <li>▪ embezzlement of property of the entity</li> <li>▪ causing damage to the entity's property knowingly</li> <li>▪ absence from entity for more than a consecutive period of 30 days without getting the leave approved</li> <li>▪ causing damage to secrecy relating to special technology of the Entity</li> <li>▪ convicted on a criminal offence involving the moral turpitude</li> <li>▪ Presenting false documents for appointment</li> <li>▪ Consuming the psychotropic drugs or alcoholic drinks</li> <li>▪ Having been punished twice for other misconducts within 3 years</li> <li>▪ Other similar misconducts as prescribed in Bylaws</li> </ul>

- ❖ As per the Labor Act, sexual harassment on workplace is subject to disciplinary action up to dismissal from service.

## **15) TERMINATION OF EMPLOYMENT**

In addition to disciplinary actions, the Labor Act has provided certain other grounds on which the employment can be terminated:

### **a. Voluntary Termination of Employment**

The employee can terminate the employment voluntarily by submitting a resignation letter. The employer must approve the resignation within 15 days and provide a notice thereof to the employee. Even if the employer does not approve the resignation the resignation becomes effective on the next day of the expiry of the 15-day time. However, if the employee continues to work in the entity even on the effectiveness of resignation in such situation the resignation is deemed cancelled.

### **b. Compulsory Retirement**

As per the Labor Act, the compulsory retirement age is 58 years

### **c. Termination of Service of Time Bound Employees**

The employment of the employee on time bound employment is terminated after the expiry of the time period prescribed in the employment agreement

### **d. Termination of Service of Work Based Employee**

The employment of the worker on work bound employment is terminated after the completion of the work provided in the employment agreement. However, the employment continues if the worker is engaged in a project and the time period of such project is extended.

### **e. Termination for Poor Performance**

If the performance of the employee is found to be unsatisfactory or below the standard in the performance appraisal for three or more times, the employment of such worker may be terminated by the employer. However, prior to terminating the employment the performance appraisal as per the Regulation under the Act or Bylaws should have been conducted. Such employee should be provided an opportunity to submit explanation giving at least seven (7) days by the employer where ten (10) or more people work.

### **f. Termination due to Health Reason**

In case any employee is physically or mentally disabled or injured rendering him/her unable to work or requiring a long period for medical treatment affecting in the work of the entity, the employer, on recommendation of a medical practitioner may terminate his/her employment. However, if the worker suffers injury due to accident in the workplace or due to workplace hazard and is undergoing the treatment, the employment cannot be terminated until a year from the date of starting of such treatment. The employment of a worker undergoing the treatment cannot be terminated until 6 months unless it is certified by a medical practitioner that he/she won't be able to return to work.

### **g. Notice Requirement before termination:**

The employee or employer terminating the employment should provide a notice except in the situation of termination by dismissal. The notice requirement is linked to the length of service which is as follows.



<b>Period of Employment</b>	<b>Notice Period</b>
a. for up to 4 weeks	1 day
b. 4 weeks to 1 year	7 days
c. exceeding one year	30 days

If the employer terminates the employment without providing a notice, the employee should be provided remuneration in lieu for the notice period.

<b>Grounds of termination</b>	<b>Provisions</b>
Voluntary resignation	By providing the employer with a resignation letter and serving a notice period as prescribed in the employment agreement.
Compulsory retirement	Terminated when the employees reach the age of 58.
Time-bound employee	Terminated upon the expiry of the period prescribed in the employment agreement.
Work-based employee	Terminated upon the completion of the work specified in the employment agreement.
Due to poor performance	Terminated if performance of the employee is found to be unsatisfactory or below standard in 3 consecutive performance appraisals.
Due to bad health	Terminated on the recommendation of a medical practitioner, if the employee is physically or mentally disabled or injured, rendering him/her unable to work, or requiring him/her a long period of medical treatment, therefore affecting the work of the entity.

## 16) RETRENCHMENT

### a. Conditions

Employees can be retrenched in any of the following circumstances:

- If due to the harsh economic conditions, there is a problem in the operation of the industry as usual;
- If there is an increment in the number of employees as a result of the merger; or
- If, due to any other situations/circumstances, the enterprise has to be a closed party or wholly.

### b. Process of retrenchment

The employer should provide the details of retrenchment prior to 30 (thirty) days by specifying the reasons for retrenchment, possible date of retrenchment and number of

employees to be provided to the Labour Office and authorized trade union or labour relation committee (if any).

**c. Compensation for retrenchment**

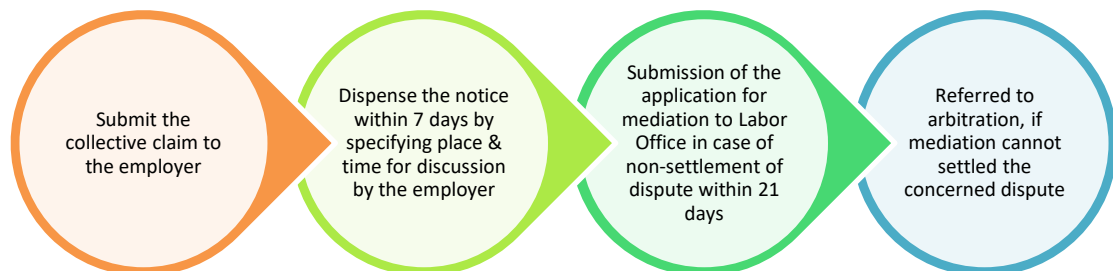
The employees are entitled to retrenchment compensation at the rate of 1 (one) month salary for each year of service. Likewise, compensation must be paid on a proportionate basis for service rendered below 1 (one) year.

**17) COLLECTIVE BARGAINING**

**a. Formation of collective bargaining committee**

The Labour Act provides that an entity can form a collective bargaining committee if there are 10 (ten) or more than 10 (ten) employees. The committee should be formed by an authorized trade union or by all trade unions in absence of an authorized trade union or by the signature of 60 (sixty) per cent workers in absence of any trade union.

**b. Procedure for settlement of collective dispute**



**c. Collective bargaining agreement**

The following arrangements can be done through collective bargaining:

- To reduce the remuneration of the employee;
- Arrangement for Interim Management during the transfer of ownership;
- To agree on certain facilities in lieu of overtime payment;
- To determine facilities for which the employer may deduct the remuneration;
- To determine the grounds of transfer of employees;
- Determination of rate of remuneration during the period of legal strike or lockout;
- To add the grounds of termination upon misconduct; and
- To determine the alternative option of retrenchment, and criteria and terms of retrenchment.

**18) SANCTION OF NON-COMPLIANCE**

The Labor Act provides more stringent sanctions for the violation of the provision of such Act. The Sanctions include fine, imprisonment and both. The authority to impose sanction also depends on nature of violation. The brief outline of sanctions as provided in the New Labor Act is as follows:

**Sanction by Labor Office**

<b>Non-Compliance</b>	<b>Consequence of Non-Compliance</b>
Deduction of Remuneration and Other Facilities contrary to prevailing laws	Indemnify the concerned worker with amount double the deducted remuneration and other facilities
Obstructing government officer, submitting false details	Fine up to Rs. 20,000
Engaging an intern or trainee against the provision of the Act	Fine up to Rs. 10,000 per intern or trainee
Failure to deposit the gratuity amount, or in provident fund or social security fund, or to arrange medical or accident insurance	Indemnify the worker with an amount double the amount to be paid
Keeping the workers in reserve discriminatorily	Order to not to do so
Terminating employment against the provisions of the Act	Issue necessary directives

**Sanction by Labor Department:**

<b>Non Compliance</b>	<b>Consequence of Non Compliance</b>
Supplying labor without license and engaging labor in work from such supplier	Fine up to Rs. 200,000.
Engaging a foreign national in work without work permit	Fine up to Rs. 200,000 depending upon the number of workers; repetition even after being punished shall be fined with additional fine of Rs. 5,000 per person per month.

Discriminating among the workers	Fine up to Rs. 100,000 and the order the maintain the equality may be given.
Engaging a worker without appointment letter or employment agreement	Fine up to Rs. 500,000 at a rate of Rs. 10,000 per worker; the order to conclude an employment agreement and provide an appointment letter shall also be given

#### **Sanction by Labor Court**

<b>Non Compliance</b>	<b>Consequence of Non Compliance</b>
For engaging a bonded labor	Imprisonment up to 2 years or fine up to Rs. 500,000 or both. The Labor Court can require the entity to provide such bonded labor with remuneration, allowance and other facilities, as well as to indemnify the bonded labor with an amount double such remuneration, allowance and other facilities.
If the entity does not make health and safety arrangements knowingly and as a result the worker dies or suffers physical or mental injury	Imprisonment up to 2 years, except otherwise provided. Such person suffering the injury should be compensated.

## **19) SOCIAL SECURITY**

The Labor Act mandates that retirement funds, such as gratuity and provident fund, must be deposited into the Social Security Fund. A separate law pertaining to social security has been established through the enactment of the Social Security Act, 2074 (2017), which received the President's approval on Srawan 32, 2074 (August 16, 2017). Subsequently, the Social Security Regulations, 2075 (2018), were introduced to govern the establishment and operations of the Social Security Fund. Additionally, the Social Security Scheme Operational Directives, 2075 (2018), were enacted to guide the implementation and management of various social security schemes. Under the previous Labor Act, employers were required to contribute an additional amount of 18.33% (composed of 10% provident fund and 8.33% gratuity) based on the employee's basic salary. However, the Social Security Act and Social Security Regulations now mandate an increased contribution of an additional 20% of the employee's basic salary.

Key provisions outlined in the Social Security Act, Social Security Regulations, and Social Security Scheme Operational Directives include:

- Mandatory enrollment of both employers and employees into the Social Security Fund.
- Establishment of a total contribution rate of 31% to the Social Security Fund, with 11% deducted from the employee's basic salary and an additional 20% contribution from the employer.
- Introduction of various social security schemes, encompassing medical treatment, health and maternity protection, accident and disability coverage, dependent family protection, and old age protection for employees.

## **20) OTHER KEY PROVISIONS**

### **Composition of Labor Court**

As per the Act, the Labor Court shall consist of a chairperson and two members. The jurisdiction of the Labor Court is exercised collectively where the majority opinion prevails.

### **Appeal**

Any decision or order of the Department or Labor Office can be appealed at Labor Court within 35 days of such order or decision. Any decision of the entity terminating the employment or on disciplinary action can be appealed at Labor Court within 35 days of having obtained the notice of such decision. The appeal on the case originally tried and settled by the Labor Court is placed at Supreme Court. Any decision rendered by the Labor Court exercising appeal jurisdiction is final.

### **Enforcement of Decision**

The concerned party should enforce the decision or order of the Labor Court after the finality of such order or decision. The decision on individual or collective dispute or the arbitral award should be enforced by the concerned parties. If the decision or order is not implemented, the concerned party can file an application to the Labor Office for implementation. The Labor Office can write to the concerned worker or employer for the implementation of such agreement, decision or order, which shall be affected within 15 day.

If the order, decision or agreement is not enforced as per the procedure mentioned above, the concerned party may submit an application to the Labor Office for enforcement of such order, decision or agreement. For this purpose, the Labor Office may write to the concerned office or officer to freeze the immovable property, to freeze the bank account, to freeze or suspend the concessions, exemptions granted under prevailing laws, to suspend the work permit, or issue other necessary orders.

The concerned party can file a complaint to the Labor Court if the order, decision or agreement, or arbitral award is not enforced within 3 months from the date of filing of application with the Labor Office or within 15 days from the date of action taken by the Labor Office for enforcement. The Labor Court provides a certain time period for implementation and non-compliance during the period is punished with fine up to Rs. 100,000 or imprisonment up to 1 year.

### **Regulation of Management Level Employee**

Manager and managerial level employee have been prohibited from submitting collective demands on behalf of trade union, taking part in collective bargaining and taking part in strike.

### **Performance Appraisal**

The entity can conduct performance appraisal of its workers once in a year in general. The bases and procedure of appraisal should be justifiable and reasonable, and disclosed to workers prior to performance appraisal. The worker should be provided an opportunity to present disagreement on the appraisal, if any. The entity should arrange for the review of the appraisal if such disagreement is submitted.

### **Certificate of Work Experience**

The entity should provide a certificate of work experience stating the period of the service and the post if the worker whose service has been terminated asks for one.

### **Repeal**

The dissatisfied party regarding the decision of the Labour Court in a case looked into by the court from the beginning to the end may appeal in the Supreme Court within 35 (thirty-five) days from the date of announcement of such decision.

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# UMBRELLA ORGANIZATION OF NPOs IN NEPAL

## **NGO Federation of Nepal (NFN)**

NFN is a national umbrella organization of NGOs, established to promote and protect social justice, human rights, and fair development. It is an autonomous and politically nonpartisan organization run by NGO representatives. NFN has about 2,200 member NGOs across Nepal. It has regional committees in the country's five development regions and 63 district chapters. NFN undertakes the following activities.

NFN undertakes the following activities:

- works as a national forum for advocacy and social reform;
- lobbies for the official representation of NFN on development-related activities in national, regional, and international forums;
- performs a watchdog role regarding activities of the Government, development partners, and INGOs;
- monitors NGO activities and disseminates information for public knowledge;
- organizes activities to support capacity-building programs for NGOs and their staff; and
- strengthens, protects, and promotes the autonomy of NGOs and their accountability toward society.

NGO Federation of Nepal

P.O. Box 7768 Buddhanagar, Nayabaneswor

Kathmandu, Nepal

Tel +977 1 478 1212

Fax + 977 1 478 1212

nfn@ntc.net.np, info@ngofederation.org www.ngofederation.org

## **ASSOCIATION OF INTERNATIONAL NGOS IN NEPAL (AIN)**

Established in the year 1996, the Association of International NGOs in Nepal (AIN) is an informal member-based network of INGOs working in Nepal. At present, the umbrella has an association of

125 INGOs members working on a wide range of issues, and making noteworthy contributions to development and humanitarian efforts in Nepal. AIN works closely with the federal and provincial government and Social Welfare Council (SWC). AIN collaborates with international development partners, INGOs and national Civil Society Organizations (CSO). AIN aims to support the development efforts in Nepal by promoting an enabling environment for its members to fulfill their development goals and by providing policy feedback to the government.

A total of 107 INGOs registered with the SWC. Some 50 of the mostly larger INGOs are members of the Association of INGOs in Nepal (AIN), which promotes cooperation, coordination, and a greater understanding of INGOs' contribution to Nepal's development.

AIN and its members mutually respect one another's independence and creativity, while recognizing the necessity of discussion and dialogue to share benefits through close interaction, coordination and knowledge sharing. Our strategic objectives are to:

- Promote conducive operating environment for AIN members at all levels of government system.
- Promote recognition to AIN members as trusted partner by enhancing self-regulation of the members.
- Contribute to the development agenda including policy making process and implementation.
- Enable effective and evidence-based communications to promote and strengthen contribution of INGOs towards development in Nepal.

**AIN Secretariat**

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c/o Plan International Nepal,  
Shanta Bhawan Ward No. 3, "Ga" Sanepal, Lalitpur  
P.O. Box 8980, Kathmandu, Nepal  
Tel + 977 1 553 5560, 553 5580, 552 6152 Fax + 977 1 553 6431  
lucky@ain.org.np or rajendra.rai@plan-international.org. www.ain.org.np

# NGO DIRECTORIES

No comprehensive directory of national NGOs in Nepal is available. Various organizations have published some kind of NGO directory, mostly limited to certain sectors.

- The SWC published a three-volume directory of NGOs registered with the SWC and recently collaborated with the Canada-Nepal Gender in Organization in further developing an NGO database.
- The SWC also lists registered NGOs and INGOs at [www.swcnepal.org.np](http://www.swcnepal.org.np). SWC has published all list of registered NGOs with their name, address, sector and approved date.
- Stri Shakti published a directory of women-related NGOs, and the NGO Coordination Committee published a directory of domestic and international NGOs undertaking activities in the reproductive health sector.
- A list of some Nepali NGOs (and their contact addresses) is available on Nepal Business Directory website <http://nepalbusinessdirectory.com/list-ngos-nepal.php>
- About 850 Nepali NGOs are listed in Open Nepal data portal available at [http://data.opennepal.net/datasets\\_sector/145](http://data.opennepal.net/datasets_sector/145). This site includes some telephone numbers and e-mail addresses, but does not link directly to NGO websites.
- Most of the larger INGOs are members of AIN. A listing of AIN members (and their contact details) is available on [www.ain.org.np](http://www.ain.org.np).

## ANNEXURE 1 : STATEMENT OF FINANCIAL POSITION TEMPLATE

XYZ - NPO Nepal			
Statement of Financial Position ( Balance Sheet)			
As at... Ashad 20XX (.... July 20XX)			
<u>Particulars</u>	<u>Notes</u>	<u>Current Year</u>	<u>Previous Years</u>
<b><u>Assets</u></b>			
<b><u>Non-Current Assets</u></b>			
Property, Plant and Equipment			
Intangible Assets			
Investment Property			
Long term Investments			
Other non-current assets			
<b>Total Non-Current Assets</b>		<b>0</b>	<b>0</b>
<b><u>Current Assets</u></b>			
Inventories			
Accounts Receivable			
Cash and cash equivalents			
<b>Total Current Assets</b>		<b>0</b>	<b>0</b>
<b>Total Assets</b>		<b>0</b>	<b>0</b>
<b><u>Liabilities &amp; Reserves</u></b>			
<b><u>Accumulated Reserves</u></b>			
Unrestricted Funds/Accumulated Surplus			
Designated Funds			
Endowment Funds			
Other Capital Reserves			
<b>Total Accumulated Reserves</b>		<b>0</b>	<b>0</b>
Non-Current Liabilities			
Loans and Borrowings			
Employment Benefit Liabilities			
Deferred Revenue			
Other non-current liabilities			
<b>Total Non-current Liabilities</b>		<b>0</b>	<b>0</b>
Current Liabilities			
Accounts Payable			
Loans and Borrowings			
Provisions			
Bank Overdrafts			
<b>Total Current Liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities and Reserves</b>		<b>0</b>	<b>0</b>

<b>XYZ - NPO Nepal</b>			
<b>Statement of Financial Position (Income &amp; Expenditure Accounts)</b>			
<b>For the Year Ended ..... Ashad 20XX (..... July 20XX)</b>			
<b><u>Particulars</u></b>	<b><u>Notes</u></b>	<b><u>Current Year</u></b>	<b><u>Previous Years</u></b>
<b><u>Income</u></b>			
Incoming Resources			
Financial Income			
Other Income			
<b>Total Income</b>		<b>0</b>	<b>0</b>
<b><u>Expenditure</u></b>			
Staff Cost/Expenses			
Program Expenses			
General Administrative Expenditure			
Depreciation			
Other Expenditure			
<b>Total Expenditure</b>		<b>0</b>	<b>0</b>
<b>Net Surplus/(deficit) before Taxation</b>		<b>0</b>	<b>0</b>
Income Tax Expenses			
<b>Surplus/(deficit) for the Year</b>			
<b>Appropriation of Surplus for the Year</b>			
Allocation to Reserves			
Allocation to Endowment Funds			
<i>The Notes on accounts form an integral part of the financial statements</i>			

XYZ - NPO Nepal							
Statement of Changes in Reserves							
For the Year Ended ..... Ashad 20XX (..... July 20XX)							
<u>Description</u>	<u>Restricted Reserves</u>	<u>Designated Funds</u>	<u>Unrestricted Reserves</u>	<u>Endowment Funds</u>	<u>Capital Reserves</u>	<u>Result for the Year</u>	<u>Total</u>
<b>Balance as at .... Ashad 20X9</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>		<b>15</b>
Result for the Year						3	3
Allocation of results to Restricted Reserves	-1					-1	-1
Allocation of results to Designated Funds		1				1	1
Allocation of results to Unrestricted Funds			1			1	1
Allocation of results to Endowment Funds				1		1	1
Allocation of results to Capital Fund					1	1	1
<b>Balance as at 01 Sharwan 20X0</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>18</b>
Result for the Year						1	1
Allocation of results to Restricted Reserves	1					1	1
Allocation of results to Designated Funds		0				0	0
Allocation of results to Unrestricted Funds			0			0	0
Allocation of results to Endowment Funds				0		0	0
Allocation of results to Capital Fund					0	0	0
<b>Balance at ... Ashad 20X1</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>19</b>

XYZ - NPO Nepal								
Fund Accountability Statement								
Financial Year: 20X0/20X1								
Project Name:								
Project Code:								
Coverage Area:								
<u>Sources of Fund</u>	<u>Previous Year Actual</u>	<u>Current Year Budget</u>	<u>Fund Received During the Period</u>					<u>Total to Date</u>
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>		
Opening Fund Balance								
Add: Fund Received during the Period								
Less: Unused fund refund								
<b>Total Fund Available (A)</b>								
<u>Expenditure (as per budget line)</u>	<u>Previous Year Actual</u>	<u>Current Year Budget</u>	<u>Expenditure During the Period</u>					<u>Total to Date</u>
			<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>		
Activity 1.1								
Activity 1.2								
Activity 1.3								
Activity 1.4								
Activity 1.5								
<b>Total Expenditure (B)</b>								
<b>Fund Balance (A-B)</b>								
<b>Fund Balance Represented by:</b>								
Cash Balance								
Bank Balance								
Advance and Receivables								
Payables								



XYZ - NPO Nepal							
Statement of Budget and Expenditure							
Project Name:							
Donor:							
Currency:			Year:			Time Elapsed:	
<u>Activity Description (per agreed reporting template)</u>	<u>Source of Fund/Donor</u>	<u>Budgeted Expenditure for the period</u>	<u>Actual Expenditure for the period</u>	<u>Over/Under spent in NPR</u>	<u>Actual Spent %</u>	<u>Percentage of Over/Under Spent</u>	<u>Explanation for Over/Under Spent</u>
Output 1		0	0				
Activity 1.1				0			
Activity 1.2				0			
Activity 1.3				0			
Output 2		0	0				
Activity 2.1				0			
Activity 2.2				0			
Activity 2.2				0			
Total		0	0	0			

XYZ - NPO Nepal		
Statement of Cash Flows		
For the Year Ended ..... Ashad 20XX (..... July 20XX)		
<u>Particulars</u>	<u>Current Year</u>	<u>Previous Year</u>
<b>Cash Flows from Operating Activities</b>		
Surplus/(deficit) for the year (before tax)		
<b>Adjustments to reconcile surplus/(deficit) to net cash flows:</b>		
<b>Non-Cash items:</b>		
Depreciation and impairment of property, plant and equipment		
Amortization and improvement of intangible assets		
Provision and losses of inventories		
Movement in provisions, receivables and specific risks		
Interest and securities income		
Losses/(gains) on securities		
Gains from disposal of fixed assets		
<b>Working capital adjustments:</b>		
Accounts Receivable		
Prepayments		
Inventories		
Other financial assets		
Accounts Payable		
Accrued expenses and deferred income		
Other financial liabilities		
Less:		
Income Tax Paid		
Interest Paid		
<b>Net cash from/(used in) operating activities</b>		
<b>Cash flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment		
Purchase of intangible assets		
Proceeds from sale of equipment		
Purchase of Securities		
Interest Received		
Income from Securities, net		
<b>Net Cash from/(used in) investing activities</b>		
<b>Cash Flows from Financing Activities</b>		
Borrowing of government loans		
Repayments of government loans		
<b>Net Cash from/(used in) financing activities</b>		
Net Increase/(Decrease) in Cash and Cash equivalents		
Cash and Cash Equivalents at 01 Sharwan 20X0		
Cash and Cash Equivalents at . Sharwan 20X1		

# Annexure 2 : INGOs DIRECTORIES

S. No	Agencies	Focus Areas	Logo
1	ACTED	Emergency Response	
2	Action Contre La Faim	Action against Hunger & Malnutrition focusing children & women	
3	ActionAid Nepal	Education, Woman, Food and Land, Health, Local Democracy, Conflict Management and Peace Building	
4	Adara Development	Holistic Community Development in Humla, Child Protection & Development, Child Repatriation, Education, Primary Health	
5	ADRA/Nepal	Health, Education, Economic Development, Good Governance & Emergency management, Agriculture, Environment, Woman/gender, Children, Ethnic Minorities, Saving/Credit/ Micro finance, Institutional development, Social Mobilization, Livelihood, Water & Sanitat	
6	Aide et Action International Nepal	Women, Children & Education	
7	AIDS Healthcare Foundation (AHF) Nepal	HIDAIDS	

S. No	Agencies	Focus Areas	Logo
8	Ama Foundation	Children & Education	
9	AMDA MINDS	Promote health and well beings of underprivileged people through their empowerment	
10	Americares	Health	
	Asia Onlus Nepal	Economical , Social, Health and Cultural Development	
12	AWO International	Community Development	
13	BBC Media Action	Media for Development	
14	Blink Foundation <b>Now</b>	Education, Health and Empowering Children	
15	BNMT	Health and Livelihood	
16	BRAC International	Community Development	
17	Build Change	Emergency and Shelter	
18	CARE Nepal	Woman Empowerment, Natural Resource Management and Livelihood, Social Justice and Equality	
19	CBM	Health, Education, Livelihood, Social Empowerment & Advocacy	

S. No	Agencies	Focus Areas	Logo
20	CECI	Regional Economic Development & Food Security, Promotion & Strengthening of Civil Society Org., Equality between Woman & Men & Social Inclusion, Community Health, Democracy & Good Governance, International Volunteer Cooperation, Humanitarian Assistance,	
21	Child Fund Japan	Health, Education	
22	Child Protection Centers and Services/CPCS	Children	
23	Child Rescue Nepal (CRN, Formerly the Esther Benjamins Trust)	Child Protection, Trafficking, Out of School, Life Skill, Vocational Training, Income Generation	
24	China Foundation for Poverty Alleviation	Poverty Alleviation (Health, Education, Disaster Relief)	
25	Christian Aid	Shelter, WASH, Livelihoods, Social Inclusion and Resilience	
26	Community Action Nepal UK	Education, Health, Construction, Income Generation/Sustainability/Community Development.	
27	CRS	Shelter, WASH & Livelihoods	
28	Damien foundation Belgium	Health, TB and Leprosy	

S. No	Agencies	Focus Areas	Logo
29	<b>Dan Church Aid/DCA</b>	Resilient Livelihood and Sustainable Food Security, Social Inclusion and Governance, Humanitarian response and DRR	
30	<b>Disable People's Organization Denmark Nepal</b>	Disability	
31	<b>ECPAT</b>	Sexual exploitation of children. Facilitates the identification & implementation of prevention or reintegration program benefitting children who are vulnerable	
32	<b>Educate The Children</b>	Agriculture, Education, Food/Nutrition ,Health, Micro- Finance, Saving-Credit, Woman & Gender	
33	<b>Equal Access International</b>	Media (including radio), Health, Education, Agriculture, Economic Development, Gender, Democracy & Governance	
34	<b>FAIRMED</b>	Maternal and Child Health	
35	<b>FHI360 Nepal</b>	Health	
36	<b>Fida International Nepal</b>	Education, Community Health Education, HIV/AIDS, Disability, Youth Work, Culture Empowerment, Housing	
37	<b>FINN CHURCH AID</b>	Livelihood, Education, Relief and Advocacy	
38	<b>Finnish Evangelical</b>	Community Development, Food Security, Health, Water Sanitation, Disability, Mental Health, Education & Peace	

S. No	Agencies	Focus Areas	Logo
	Lutheran Mission/FELM		
39	Fondazine L'Alberto della Vita (FADV)	Earthquake response, Health and Nutrition for women and children	
40	Forget Me Not Australia	To contribute in improving the living standards of marginalized and excluded children in Nepal.	
41	Foundation for International Development Relief/FIDR	Children and socio-economics advancement, emergency relief assistance	
42	German Nepalese Help Association	Public Health, Education, Social Relief, Environment & Infrastructure	
43	Global Fairness Initiatives	Better approach to economic development. Support for better bricks and enterprises	
44	Good Neighbors International	Community Development, Education, Health, Water, Sanitation and Hygiene (WASH), Child Protection, Livelihood, Governance	
45	Good Shepherd International Foundation Nepal (GSIF)	Human Rights, Women and Children, Human Trafficking	
46	Habitat Humanity International	Safe shelter, design, construction & engineering, social mobilization, micro-finance	

S. No	Agencies	Focus Areas	Logo
47	<b>Hands International UK</b>	Health, Education, Prosperous and Equitable society, Gender Community Empowerment.	
48	<b>Heifer Project International</b>	Community Development, Environment, Social Mobilization, Agriculture & Literacy	
49	<b>Helen Keller International</b>	Health, Food/Nutrition & Agriculture	
50	<b>HELVETAS Swiss Intercooperation</b>	Infrastructure in Rural Area, Sustainable Use of Natural recourse, Education & Culture , Civil Society & State	
	<b>Human Practice Foundation</b>	Educational Development	
52	<b>Humanity &amp; Inclusion</b>	Health & Rehabilitation, Inclusive Education and Resilience	
53	<b>ICCO COOPERATION</b>	Dignity, Prosperity and Injustice	
54	<b>IM Swedish Development Partner</b>	Humanity, Poverty & Justice	
55	<b>International Alert</b>	Peacebuilding, access to justice, community security, aid effectiveness, conflict sensitivity, VAWG, women\'s empowerment, economy and peacebuilding, democracy promotion, human rights, media	



S. No	Agencies	Focus Areas	Logo
56	<b>International Development Enterprise</b>	Infrastructure, Health & Hygiene, Food & Agriculture System , Economic Development, Community Development, Democracy & Governance, Water & Sanitation, Humanitarian Assistance & Logistics	
57	<b>International Foundation for Electoral Systems/IFES</b>	Support the citizens right to participate in free and fair elections. Strengthen electoral systems and build local capacity to promote sustainable democracy.	
58	<b>International Nepal Fellowship</b>	Leprosy, T.B., Disability & Rehabilitation, HIV/AIDS, Drug Rehabilitation, Community Health & Development, Health Service & Hospital Support, Specialty Camps, Disaster Relief, Migrant Worker\'s support in Nepal & beyond	
59	<b>Interplast Germany</b>	Plastic & Reconstructive Surgery	
60	<b>Ipas Nepal</b>	to advance women\'s sexual and reproductive health and rights	
61	<b>Islamic Relief Worldwide</b>	Emergency Response	
62	<b>Japan Asian Association and Asian Friendship Society (JAFS)</b>	Education, Health, WASH, Environment and Reconstruction	
63	<b>Jhpiego Corporation</b>	Health for women and families in their community. Sustainability is ultimate goal.	

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64	Kidasha	Education, Health, Child Protection	
65	Koshi Tappu Kanchenjunga Biodiversity Education Livelihood Terra Studio (KTK- BELT, Inc)	Biodiversity, Conservation and Environment	
66	Lutheran World Relief	poverty, injustice and human suffering	
67	LWF Nepal	Emergency Response and Disaster Risk Management, Sustainable Livelihood, Peace, Reconciliation and Human Rights	
68	Magic Bus India Foundation	Education, Life Skill and Livelihood	
69	Marie Stopes International	health security, capacity building	
70	Medecins Du Monde - France	Medical Care to vulnerable population affected by war, natural Disaster	
1	Mennonite Central Committee	Agriculture, HIV/AIDS, Peace, Children's Education, Disaster Response, Water	
72	Mercy Corps	Agriculture & Food Security, Disaster Risk Reduction, Micro finance & Youth Engagement	

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73	<b>Mission East</b>	Water & Sanitation, Health, Livelihood, Disaster	
74	<b>MountainChild</b>	Medical support, Anti-trafficking, prevention and Child Labor	
75	<b>MyRight</b>	Disability, Organizational development	
76	<b>National Democratic Institute/NDI</b>	Strengthening Democratic Institutions, Political Party Development Programs, Parliamentary Programs, Elections, Civil Society Organizations, Women\'s Empowerment	
77	<b>Nepal Leprosy Trust</b>	Health and Community	
78	<b>Nepal Youth Foundation/NYF</b>	Nutritional Rehabilitation-child health , Education, Human Rights- Child Protection, children\'s home, Skill Training, Counseling - psycho-social & Career	
79	<b>Netherlands Leprosy Relief/NLR</b>	Health (leprosy and TB ) and CBR	
80	<b>Next Generation Nepal</b>	Child Welfare, Trafficking, Reunification & Education	
81	<b>Nick Simons Foundation International</b>	Rural Health Care	

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82	<b>One Heart World Wide</b>	Maternal and Child Health	
83	<b>Oxfam GB</b>	Public Health, Basic Livelihood Support, Disaster Risk Reduction,& Humanitarian Preparedness, Advocacy, Campaigns, Critical Issues Support Program, Empower Communities, Women Empowerment, Climate Change, Governance, Poverty, Inequality Issues of Marginal	
84	<b>Pact</b>	Envisions the poor and marginalized voice, building their own solutions and take ownership over their future	
85	<b>Peace Winds Japan</b>	Livelihood and Gender	
86	<b>People in Need (PIN)</b>	Livelihoods, Protection/Social Inclusion, Shelter and Food Security	
87	<b>Plan International Nepal</b>	Health, Water, Sanitation and Hygiene, Basic Education, Household Economic Security, Child Protection and participation and Child centered disaster risk management	
88	<b>Planete Enfants &amp; Development</b>	Child Protection, Human Rights, Education	
89	<b>Population Services International</b>	Malaria control & Prevention, Family Planning & Maternal, Health Program, Child Health & Safe Drinking Water	



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90	<b>Practical Action</b>	Food Security and Sustainable Livelihood, Disaster Risk Reduction (DRR) & Climate Change (CC), Market& Livelihoods, Maximizing Benefits from Basic Service, Sustainable Urban Environment, Healthy Home/Clean Air Action	
91	<b>Qatar Charity</b> Nepal	Education, Livelihood, Health, WASH and Social Protection	
92	<b>Raleigh International Nepal</b>	WASH, Livelihood, NRM/Climate Change and Youth Development	
93	<b>Red Panda Network</b>	Community based Red Panda Conservation	
94	<b>Renewable World</b>	Poverty through renewable energy	
95	<b>Restless Development</b>	Health, Education, Livelihood, Environment	
96	<b>ReSurge International Nepal</b>	Health	
97	<b>Room to Read</b>	Education	
98	<b>Saferworld</b>	Advocacy, Research, analysis, Training & Piloting on conflict, Security & Justice, Small Arm & Light weapon, Gender, Climate Change	
99	<b>Save the Children</b>	Child Rights Governance, Child Protection, Education, Health & Nutrition, Youth & Livelihood, HIV/AIDS & Emergency & Disaster Management	

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100	Shangrila Home	Education, Shelter, Medical Care for under privileged children & adolescents	
01	Shanti Volunteer Association Nepal (SVA)	Education	
102	Shapla Neer	Disaster Preparedness, Child rights protection, Non-formal Education, Gender/ Social Inclusion, livelihood Promotion, Fair Trade	
103	SIL International Nepal	education, serve language communities	
104	SNV Nepal	Race, Class or Gender for the sustainability development to enjoy the freedom	
105	Street Child	Education, Humanitarian Response/Disaster Risk Reduction, Economic Empowerment, Local Capacity Strengthening and Protection	
106	Stromme Foundation	Poverty eradication	
107	Sunrise Children's Association Inc/SCAI	Keeping children with their families, re-integrating children, home care for orphaned children	
108	Swisscontact	Skill Development, Enterprises Promotion, Inclusive Finance and Climate Smart Economy	
109	Tearfund	Community Development, sustainable Livelihoods and Disaster Management. Released	

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		people from material and spiritual poverty through a worldwide network	
110	<b>Terre des Hommes</b>	Disability (community based rehabilitation), Nutrition, Anti-trafficking, Psychosocial Support, Child protection & Others	
111	<b>Terre des Hommes Germany</b>	Children	
112	<b>Terre des Hommes Netherlands</b>	Commercial Sexual Exploitation of Children, Child Labour, Protection, Trafficking, Migration	
113	<b>The Foundation Asia</b>	Economic Reform& Development, Rule of Law, Constitution Development, Peace Building & Mediation, Local Governance, Women\'s Empowerment, Environment, Election & Political Processes, Human Rights	
114	<b>The Foundation DZi</b>	To increase the prosperisty of under served communities & individuals in remote regions of the Himalaya	
115	<b>The Fred Hollows Foundation</b>	Eye Health	
116	<b>The Leprosy Mission Nepal/TLMN</b>	Work with disadvantage communities by leprosy or other disabling conditions.	
117	<b>The Nepal Trust</b>	Health, Education, Sanitation, Income Generation, Poverty Alleviation	
118	<b>The Umbrella Foundation</b>	Child Care, Education, Health, Protection	

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119	<b>United Mission to Nepal</b>	Education, Health, Peacebuilding and Sustainable Livelihoods, achieved through Capacity Building, Advocacy and Integral Mission	
120	<b>VSO Nepal</b>	Education, Youth, Governance (Gender & Social Inclusion, Social Accountability and Resilience) and Disaster (DRR/DRM)	
121	<b>WaterAid</b>	Water, Sanitation and Hygiene (WASH)	
122	<b>We World Onlus</b>	Children and local communities in the fight against poverty, inequality for a sustainable development	
123	<b>Welt Hunger Hilfe Nepal</b>	Free from Hunger and Poverty	
124	<b>Winrock International</b>	Empowerment & Civic Engagement, Enterprises & Agriculture Environment, Forestry, Energy & Ecosystem Service, Vocational Training, Literacy, Economic Growth, Bio- Diversity, Climate Change	
125	<b>World Education</b>	Child Labor & Trafficking, Health Education, Non-formal Education, Vocational Education & Quality education	
126	<b>World Mobilization Brazil</b>	Working against Human Trafficking with Scholarship Program and Sheltering for victims	
127	<b>World Neighbors</b>	Sustainable Agriculture & Rural livelihood (SARL), Community based Natural Resources Management (CBNRM), Community & Reproductive Health (CRH), Gender, Capacity Building	



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128	<b>World Vision International Nepal</b>	Maternal Child Health & Nutrition, Education, Livelihood, Water Sanitation & Hygiene (WASH), HIV/AIDS	
129	<b>World Fund Wildlife</b>	Natural Resource Management, Bio- diversity Conservation, Climate Change, Fresh Water & Energy, Policy & Advocacy, Conservation Education, Controlling Illegal Wildlife Trade, Sustainable Development	

# ABBREBATION

ADB - Asian Development Bank

AOA - Articles of Association (AOA)

CBO - Community Based Organization

CSOs - Civil Society Organizations

COI – Certificate of Incorporation

DAO - District Administration Office

DP – Development Partners

IRD - Inland Revenue Department

NAS – Nepal Accounting Standard

NPO - Non-Profit Organizations (NPOs)

NGO – Non- Government Organization

NFRS - Nepal Financial Reporting Standards

INGO – International Non- Government Organization

MOA - Memorandum of Association

OCR - Office of Company Registrar

PAN- Permanent Account number

SSF- Social Security Fund

SWNCC - Social Welfare National Coordination Council

SWC – Social Welfare Council

TDS - Tax Deduction at Source

TEO – Tax Exempt Organization