Securing the Future?
An Exploration of Prevalence and Sustainability of Community Based Organisations in Nepal

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Abstract
This paper explores current trends in and efforts for the prevalence and sustainability of Community Based Organisations (CBOs) in Nepal through a survey of 39 leading agencies at national level and an in-depth study of 129 CBOs in 14 villages of western-southern Nepal. Research findings show that massive inducement by development agencies in the 1990s led to the proliferation of CBOs in Nepal on average with approximately one group among 11 households in the country. However, only two in five groups were found to be functioning actively and nearly one in four groups were found to be defunct. The dynamics of post project groups showed a shrinking tendency in membership, participation, activities and/or resources. The existing policies and practices are found to favour the formation of groups, but their sustainability is still an ignored dimension. Therefore, a shift in policy is urgent to promote the sustainability of CBOs and, thereby, enhance development outcomes.

Key words: Nepal, Community based organisations, Prevalence, Sustainability

Introduction
Globally, there is a long history of civil society organisations in their different manifestations and levels of operation. Providing welfare and security through cooperation at various levels started long before the concept of state and market emerged. Until recently, various forms of customary non-state and non-market organisations have been playing important roles in various societies. However, it is in the last few decades when the civil society sector has taken on an impetus as the ‘third sector’ of governance with the emergence of new forms of organisations. Non-
Government Organisations (NGOs) are such new organisations which have been rapidly growing in the number and size as a subgroup of the non-profit or third sector over the past decades. In the beginning of the new millennium, the NGOs have been so successful that they have often overtaken the state mechanism in providing development services (McDonnell and Lecomte, 2002).

With this recent development in the third sector, new forms of self-help organisations have emerged at the grassroots, delivering development to the rural people, especially in the ‘third world’ countries where the state led social security and insurance system is almost non-existent. After the Second World War, especially in the 1970s, there was a paradigm shift in development thinking from the earlier focus on technology and resource gap in developing countries, which were highly centralised in nature, to the recognition of an “organisation gap” along with issues like participation, use of labour, self-reliance, equitable growth and income distribution (Esman and Uphoff, 1984). One positive development in the 1980s was the recognition of the essential role of civil society in development and the shift in the national and international institutional structure where state and market failure led to the further legitimisation of local participation and empowerment (Chambers, 1993). As a result, along with the emphasis on decentralisation, there has been the rise of users’ groups at the local level and the increased participation of clientele groups in development decision-making (Blunt and Warren, 1996). Furthermore, it has been a common phenomenon across the developing countries that many rural ‘development agencies’ choose to work by supporting the existing indigenous organisations or stimulating or by imposing the creation of new ones (Garforth and Munro, 1995).

These organisations at local level are diverse and are identified by using different nomenclatures. These identifications are normally constructed according to the nature, coverage, specialisation, function, and many other characteristics of the organisations. Even, sometimes, similar types of organisations are found to be identified differently in different social settings. Among the most commonly used names are: ‘local organisations’, ‘people’s organisations’; ‘participatory organisations’, ‘rural people’s organisations’, ‘voluntary organisations’, and ‘self-help organisations’. Frequently used names also include ‘community organisations’, ‘rural organisations’, ‘grassroots organisations’, and ‘community based organisations’ (CBO). These terms found in the literature are often
treated interchangeably. In this paper, the term CBO has been used frequently, but at times, other terms such as ‘group’ and ‘organisation’ are used synonymously.

These organisations at local level demonstrate great variety: they range from those with purely profit motives to those with purely service motives; purely governmental to purely non-governmental; purely private to purely public; purely political to politically neutral, etc. Some have categorised organisations based on their longevity; institutionalisation; formality; traditional-ness, etc. Others have categorised them based on their self-help and community based nature. Attempts have also been made to examine them based on their productive orientation; their direct involvement to support the needy community; purity of forms; and singularity or plurality of functions.

The development of civil society organisations in Nepal does not differ much from the global trend. Even though the country, unified in 1768, has never been colonised, until 1990, barring a brief period between 1950-60, it has been under different oligarchy regimes for a long time, that have impeded the development of an independent civil society sector. Since the restoration of democracy in Nepal in 1990, there has been an explosion of various types of modern civil society organisations including NGOs and CBOs. As a result, the number of NGOs that was 222 in 1989, jumped to over 30,000 by 2001. CBOs have long been a feature of social organisation in Nepal as the system of cooperation and collective action was very localised and at a less encompassing level (Misra, 2001; Biggs et al, 2004). However, they have greatly changed with the inducement of ‘modern’ types of groups for community development.

A grassroots (social) mobilisation approach has been increasingly promoted as a priority in policies of local development and poverty alleviation in Nepal. As a result, a community (users’) group approach has been adopted in almost all sectors of local development such as: forest management; irrigation management; agriculture extension; micro finance; school management; health service management and community electricity giving rise to an alarming rate of formation of the externally induced CBOs. These induced groups can be categorised in various ways according to their function or size. A commonly used typology of induced groups in Nepal is the one presented by UNDP (2002). Since this paper relates to the induced developmental CBOs, it is useful
to briefly introduce this typology as it provides a framework for further the discussion of the pattern of post phased out groups later in this paper.

The UNDP’s (2002) typology categorises induced groups according to their coverage of households in a village on the one side and types of activities they carry out on the other (table 1). Social mobilisation programmes supported by the UNDP emphasise the “mother board” concept with a broad-based approach, whereas many savings and credit programmes are based on a targeted approach. The methods and policies of the concerned agencies and nature of activities promoted determine the type of groups in the community. The broad-based approach, also known as the holistic approach, is inclusive of heterogeneity, with weak ties, whereas the targeted approach entails homogenous groups, with strong ties. Both approaches have advantages and disadvantages. In Nepalese social structure, shared interests and collective needs crosscut through the spatial proximity regardless of the heterogeneity of community. In theory, a broad based group approach can address the overarching development needs, whereas a targeted group approach can only address personal/sectional requirements in isolation from the broader context. Homogenous groups can have little chance to progress beyond their stronger ties as they normally fail to inject new ideas and resources that the diversity of heterogeneous connectivity could bring. However, which types of groups are more sustainable and what courses they take when they are left on their own by the inducing development agencies is a big question, which is discussed later in this paper.

<table>
<thead>
<tr>
<th>Sector / Activities</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single - sector</td>
<td>Targeted</td>
</tr>
<tr>
<td>E.g., Gramin Banks credit groups</td>
<td>E.g., Drinking/ water users groups</td>
</tr>
<tr>
<td>Multi - sector</td>
<td>E.g., Small farmer development groups</td>
</tr>
</tbody>
</table>

Despite the popularity of the group-based approach to development, there is no database on the prevalence of such groups in the country, let alone about the state of their impact or longer term sustainability. So far, there have been limited, fragmented and piecemeal attempts to understand the lessons and experiences related to CBOs in Nepal because such attempts are confined to the evaluation of a particular project or an agency (for
example see Sharma et al, 2001; Subedi, 1999). Most recently, a few studies, including the present one, have attempted to measure the prevalence of groups and issues of inclusion and functions (Sah, 2003; Biggs et al, 2004).

Furthermore, there have been no studies to address growing concerns about the relevance and future of such groups, especially once they are phased out by the donor or mobilising agencies. There are questions to ask: is the present situation only a result of increased emphasis given by the agencies to form the groups? Or does it reflect the low survival rate of such organisations? (Garforth and Munro, 1995). In such a context, knowing the trend, nature and practices regarding emergence and sustainability of development groups has an implication for both policies and practice. This paper aims to address some of these issues. The paper aims to identify the level of prevalence and sustainability of CBOs in Nepal, and develop a pathway that indicates the nature and dynamics of group development when projects or agencies withdraw their support. The remaining sections of this paper present methodology; findings; discussion and conclusion. The finding sections focus on the level of prevalence of CBOs in Nepal; trends, nature and dynamics of group sustainability; and attempts towards enhancing sustainability. The discussion sections attempt to theorise a dynamic pathway of group development.

**Methodology**

Given the lack of basic information regarding CBOs in Nepal, the studies on which this paper is based are substantively exploratory. This paper is based on a set of two interrelated studies. The first is a semi-structured postal survey conducted in 2004 with 39 leading national and local community mobilisation agencies in Nepal- NGOs, International NGOs, government and semi-government organisations. The preliminary findings of the study were discussed in a workshop where development agencies, practitioners, policy makers and academics participated. The second study was conducted at micro (village) level taking 129 CBOs participated in by 94 households from 14 villages (of two Village Development Committees) in Rupandehi district, Nepal. These two pieces of works have generated complementary information: quantitative as well as qualitative. Even though the unit of analysis in this study is induced CBO, information is generated from other two levels: household interview and
agency survey. The information has been analysed without using sophisticated statistical tools. Generally, the quantitative information has been presented through simple tables and graphs. The (effective) functioning score of each group under study is computed by combining the five scales of democratic participation score and five scales of effectiveness score assigned by the household respondents (Annex 1).

**Level of prevalence of CBOs in Nepal**

As mentioned in earlier section, a database of the number of CBOs does not exist in Nepal. Only in 2004 was there a first estimation of development CBOs undertaken at national level. Biggs et al (2004) have estimated the number of developmental groups at the grassroots by dividing them into 8+ sectors: micro saving and credit, agriculture, non-formal education, irrigation, natural resource management, infrastructure, drinking water, health and other multifunctional groups including other NGOs at the micro level (figure 1). They have estimated that approximately 396,466 development groups have been formed so far by different agencies and projects, which comes out at 11 households per group. This figure still can be expected to be much higher as many community management committees of public institutions such as school and health posts, and several locally formed users groups are not included in this figure. However, it gives a basis to form an impression that the CBO sector has proliferated at least 10 times higher than the NGOs which are often said to be “mushrooming”. The figure shows that savings and credit groups have been extremely popular and fieldwork has shown that many other sectoral groups too have added a savings and credit component to enhance the common stake and to meet household financial needs while performing the sector-based group activities.
Biggs et al. (2004) have also presented an imaginary trend line of various types of groups overtime where the sponsored groups and group based institutions like federations, cooperatives and local NGOs are rising up steadily after 1990 whereas the traditional organisations or new organisations that are becoming traditional are growing slowly. However, the customary indigenous organisations are declining steadily since the 1960s.

The micro level fieldwork has confirmed the trend regarding the induced groups and their federations, but has differed somehow regarding the indigenous organisation, which is beyond the scope of this paper. The participants were asked whether they participated in more, less or the same number of organisations now as compared to before 1990. Ninety four per cent of respondents said that they participated in more groups, whereas the rest said that they have never participated. Figure 2 shows that the
grassroots organisations of various types are on the rise, mainly since 1990, the year when Nepal restored multiparty democracy guaranteeing the freedom to organise.

Furthermore, the survey with 39 agencies has identified the density of group participation by households. The survey built on figures from a previous study (Sah, 2003) has revealed that if the overlapping of membership is not taken into account, four in five households in the country would have been participants in community groups, but, when the duplication ratio (40.5%) is taken into account, almost half of the households are found to have participated in various groups at village level. Figure 3 presents details of household participation by types of mobilising agency.

![Figure 3: Share of socially mobilised households (Outer-duplication included, inner excluded)](source: Field survey 2004 and Sah (2003))

**Trends and nature of group sustainability**

Of the groups presented in figure 1, those related to informal literacy groups are ephemeral and the rest are expected to be sustainable. As the rise in the CBOs is mainly due to inducement by development projects and agencies, such groups are still expected to continue to carry out their activities after the termination of external supports. The participating community mobilisation agencies were asked if they think it is necessary that the groups they have promoted should remain active after withdrawal of their direct support as a token of success of their project/programme. Ninety-five per cent of the agencies think that continuity is necessary. This statement was tested from the induced CBO members’ point of view too. Of the 106 groups under question, none of them were joined for a very short time, and 14% of groups were thought to run for some years,
during the project period. The remaining 86% of groups were expected to continue for a long period.

The respondents of the micro level study were asked how they would indicate the sustainability of groups. They indicated that sustainability, which was roughly translated as digo in Nepali and tikau in Bhojpuri, a local language, meant continuity and regularity of group activities such as meeting, saving (if any), investment and repayment (if any).

The trends in sustainability of the groups were captured in various ways (figure 4). In the micro level field study, the trend has been mapped from the individual household point of view. The cumulative number of groups joined so far by the household members of the respondents is 285 (cumulative). Only 239 (84%) groups are in existence as 46 (16%) are left either for personal or collective reasons. Furthermore, only 212 (74%) cumulative groups are functioning at various levels as 27 (9%) groups are inactive.

The analysis of the net number of groups shows that of 127 groups whose functioning level was determined, 14 (11%) are either dissolved or defunct, and a further 12 (9.4%) are inactive. Hence, only 79.5% groups are functioning at various levels, but 7.9% of total groups are operating at a very low level of functioning. The further analysis of the functioning level of the two years or older groups shows that 22% groups are either defunct or inactive, 10% are functioning at a low level and another 22% of them are functioning neither at a high nor low level. The rest, over two in five, groups are functioning at a high or above level (figure 5).

The analysis of the group survival rate in the study area shows approximately three in four groups are surviving even though their functioning is at a varied level. However, it
should be noted that many of the groups included in this study are very young and/or are still supported by the external agencies and projects. When they are phased out and get older, it is expected that this number will go substantially low.

In an attempt to triangulate information and see the trend on a broader scale, one question included in the survey with the 39 leading community mobilisation agencies in Nepal was about the status of functioning of the project phased-out groups promoted by them. Since this was based on the self-report of the agency, the tendency to exaggerate success and hide failure also could not be ruled out. However, the status of all phased out groups formed within the last 14 years has shown an almost similar result: three in four groups are surviving; almost half of which are continuing at a normal level and the other half are growing in size, resource profiles, and activities. One in four groups is either dead or inactive.

All findings show very close results. It is realistic to infer that at least over seventy per cent of the groups formed in the last 14 years are surviving and functioning at various levels. Nearly two in five are functioning properly and the rest are functioning but are weak. Though the majority of the groups are young, the group dying out rate so far is not as alarming as it is normally thought to be.

A correlation analysis showed a small negative correlation between the age of the groups and the functioning score (Pearson r=-.211, P=0.017). The older the groups, the smaller the functioning score. This is indicative of the diminishing trend; however, it is not the rule as some old groups are actually functioning very well. In order to see the changes in the functioning level of all groups, their level of functioning during the project support (if any) or initial days was compared with that of today (time of field study). The comparison of the effectiveness of the groups (paired-samples t-test) has
shown significant decrease in their effectiveness ($M=73.68$, $SD=16.4$) to [$M=44.76$, $SD=26.71$, $t(126)=12.30$ $P<0.000$]. The ETA squared statistics (0.55) indicated the large effect size. This shows that normally the groups function better before the project is phased-out or in the initial (two) years even if they never had any project support.

After examining the trend in group survival, and changes in the functioning level of the groups, in this section a brief analysis is presented on the changing dynamics of the selected induced two years or older groups (including unsuccessful groups younger than two years). Four aspects, namely, membership status, level of participation of the members, number of activities and resources were considered to examine the changes. The respondents were asked to indicate whether there has been an increase, decrease or no change on the above mentioned four factors in their respective groups.

Table 2 shows that the majority of the groups go through changes in membership, level of participation, number of activities and resources (table 7.3). All these aspects increased in some groups whereas all of them decreased in some others. There has been increase or no change in the majority of younger groups. Resources increased in a greater number of groups compared to increase in all other aspects. All of these aspects decreased in a few groups. However, the majority of the two years or older groups have gone through decreases in their activities and participation. There has been a great decline in membership. On the other hand, only few groups have had a decrease in resources. This is because group savings continue to increase in spite of no change or decline in other aspects. Only very few two years or older groups have had an increase in activities and level of participation and few have had increase in membership. Around one in four groups have no substantial change in all of these aspects. Observation shows that initially groups start with relatively few members and fewer activities, which start to rise with rise in resources, support and initial achievements. Roughly after a year when groups reach momentum, they remain constant with the continuity or increase of support. Then, membership, activities and participation tend to decrease while the resources may continue to grow in the groups with broad-based membership and holistic activities. Some of the targeted single activity groups or groups with no activity may remain unchanged.
Table 7.3: Perceived changes in the status of groups (selected induced 2yrs or older)

<table>
<thead>
<tr>
<th>Direction of changes</th>
<th>Change in membership</th>
<th>Change in participation</th>
<th>Change in activities</th>
<th>Change in resources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 2 yrs</td>
<td>&gt; 2 yrs</td>
<td>&lt; 2 yrs</td>
<td>&gt; 2 yrs</td>
</tr>
<tr>
<td>Increased</td>
<td>41.2%</td>
<td>18.3%</td>
<td>31.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>No change</td>
<td>41.2%</td>
<td>36.7%</td>
<td>43.8%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Decreased</td>
<td>17.6%</td>
<td>45.0%</td>
<td>18.8%</td>
<td>66.7%</td>
</tr>
<tr>
<td>No activity</td>
<td>6.3%</td>
<td>12.5%</td>
<td>1.8%</td>
<td></td>
</tr>
</tbody>
</table>

Source: fieldwork 2004

Even though the analyses do not present temporal patterns of changes, the changes in group dynamics, differences in functioning level at two points in time and trend in sustainability indicated that most groups go through a shrinking path as they grow in age and when they are left on their own (see discussion in subsequent section). The following remark of a respondent from a dissolved group in Buddhanagar, Dudhrakshya is illustrative of the scenario.

“Until the 4/5 meetings everybody used to be present and bring their saving. Then the problem started with meeting and savings. People did not come at the same time, and saving also was not collected at the same time.”

Attempts towards enhancing sustainability of CBOs: an ignored dimension

In the early years, agencies did not have any plan to make the CBOs independent and sustainable. There was an apparent lack of foresight for how long the agencies would continue to directly facilitate the development efforts by mobilising the community organisations. For some of them it was an ongoing task, and for others it was for as long as they received funds. By the mid 1990s, it was realised that the prolonged presence of the agencies in the communities was not helping the groups very much; it was rather leading to a situation of dependency of the community on the external agents. This was in no way in line with the premise of ‘self-sustaining and self-governing community’.

Then it started to be a condition under the project arrangement that the agencies withdrew from the community after a certain period of facilitation and implementation of the development programme. This was based on the assumption that the local community had graduated and were able to take charge of management of their development affairs through the induced organisations. Although many agencies still do not have an exit strategy (UNDP, 2004) and there is still a lack of wider replication, some agencies are innovating ways of strengthening post phased out community
organisations. Some major activities targeted at sustaining post-phased out community organisations are presented in the table (3) below.

Table 3: Components and packages of post phase-out activities

<table>
<thead>
<tr>
<th>Types of activities adopted</th>
<th>Percentage of participating agencies adopting the activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Back stopping</td>
<td>83.78</td>
</tr>
<tr>
<td>Local fund</td>
<td>77.14</td>
</tr>
<tr>
<td>Registration</td>
<td>63.89</td>
</tr>
<tr>
<td>Federation</td>
<td>55.56</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>44.44</td>
</tr>
<tr>
<td>Others1</td>
<td>44.12</td>
</tr>
<tr>
<td>Paying salary</td>
<td>34.29</td>
</tr>
</tbody>
</table>

Source: Field survey 2004

Follow-up of the CBOs is the chiefly adopted post project phased out activity of agencies. Over four in five agencies claim that they launch some sort of follow-up of the CBOs after the termination of their project. What ‘follow up’ means is very ambiguous and it is always easier said than done. Therefore, how meaningful this support is to CBOs is difficult to determine without further scrutiny.

The second mostly practiced, as well as being a very helpful activity of the agencies aimed at supporting post phased out CBOs is raising local funds. Most of the community mobilisation programmes tie their programme into micro savings and credit and raise some funds to be used for future sustenance and maintenance. The respondents also mentioned that however broad-based are the programme activities, the post phased out CBOs largely tend to reduce their activities to savings and credit. This implies that conflation of saving and credit components in the community development programmes helps people to work together for a sustained period of time, in groups which, otherwise, would already have been fragmented soon after the project is phased-out.

As shown in the table, two-thirds of the participating agencies have been working towards formalisation of CBOs by registering them with the government authorities. There are limited options available in formalising CBOs in Nepal. In most cases, they are either registered as an NGO or a cooperative if not left unregistered. In the absence of appropriate legal provisions, a lot of undesired restructuring of the original system of

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1 Other activities include organising review workshops, providing training opportunities, etc.
CBOs would be necessary in order to tailor them to the requirement of an NGO or a cooperative. It is like ‘cutting legs according to the size of the shoes available’. This has again long been a policy issue in need of appropriate redress.

Creating a secondary tier (federation) of CBOs has gradually been adopted by agencies in strengthening the grassroots institutional development process. This idea has evolved to help sustain CBOs and their development efforts. This has been helpful in reducing transaction and communication costs, enhancing managerial capability and boosting linkages and claim making. In a way, this practice partly balances the lack of bridging and linking mechanisms found at CBO level. Nearly two-thirds of the agencies participating in the survey have already adopted this component in various ways.

Providing some sort of reserve fund in terms of seed/revolving fund and/or matching fund is also an activity aimed at helping the functioning of phased out CBOs. The study shows that more than half of the respondents are already using this practice. Even though past projects are criticised for distributing vikas (‘development’) free of cost, and, thereby, creating dependency and reducing local ownership, helping CBOs with some sorts of capital fund helps greatly with resources needed to initiate self-sustaining enterprises. This is also a string which helps bind people together for a common cause. One in three agencies is supporting phased-out CBOs with some portion of salary of the local staff at least for the first few years. Paying salary may not be supportive to the self-sustaining organisations. Rather, supports might be better directed towards gearing the productive and management capacity of local members not through paying salary but through enabling them to generate such payment on their own.

What types of support activities are more productive is not yet well established. However, the recently emerging innovations of some agencies are themselves very welcome initiatives. The study also indicates that most innovations in the community mobilisation programmes are by the non-governmental agencies. However, past trends are indicative that it will be a long period before the best practices are replicated in the wider spectrum.

Despite increasing awareness on the part of the supporting agencies as well as among members of the induced CBOs, there is a tendency among the mobilising agencies to
put an emphasis on forming groups. Forming groups in some instances is driven by the interest and politics of the agencies and donors other than those of the community. Responding to five scale responses on the statement that the CMAs emphasise forming new groups, but fail to put a balanced view in institutionalising/sustaining them, 63.2% of the agency respondents agreed at least to some extent that there is such a trend. Furthermore, most of the mobilising agencies also agreed that CMAs are more accountable to the donors than the beneficiaries. It is because continuity of funding can keep them in work, and for that they need to please the donors. However, many agencies form groups in order to boost their profile so that they can attract and justify funding without doing much to ensure a quality aspect. There are neither any uniform ways to mobilise such groups nor are there any limitations regulating these practices. In a ‘rule of game’ of ‘agency’s politics’, there is also a tendency to form a new group and ignore the ones already formed by others. Such a tendency has enticed people to participate in multiple groups and invited ‘group fatigue’ (Biggs et al, 2004). The results of these practices are conspicuous: a greater lack of coordination; high degree of geographical as well as households overlapping; unhealthy competition among the agencies; exclusion or artificial participation through unsustainable incentive mechanisms; elite capture of resources, etc. placing the beneficiaries in a disadvantageous position (UNDP, 2004).

The recent emphasis on project handover too is not genuine in the case of many agencies. Simply withdrawing the agencies after finishing extravagant project resources did not prove to be a solution to the problem. In such cases forcing the transfer of the management to the local community is a futile move from the beneficiary’s point of view in that a huge amount of resources are completely used up during the project period leaving little or nothing for the future use of the CBO. Echoing this situation, a respondent remarked using a metaphor of an overhead projector:

“how can you sustain when you are told to preserve what is being projected on the screen when all the hardware is taken out”.

Some major government involved agencies which cover the large share of induced groups in Nepal are still unprepared for the future and seem to say that the groups
promoted by them are never phased out even though all project related arrangements including funding have already ended.

Government policies encourage people to form groups through various outlets but are passive, if not blind, to the quality aspects. That is why there is apparent lack of an enabling environment and post phase out support mechanisms. For example, due to the lack of an appropriate registration mechanism that suits the nature of the CBOs, they are forced to adjust their normal structure in order to fit under given registration structures (Adhikari, 2000; Upadhyay, 1998).

The centre and local government units play the role of rival agencies, rather than being a monitor and coordinator, to discriminate between CBOs in accessing the state resources (Paudyal, 2004; Dahal, 2000). Frequent changes in the policies, for example, slapping new taxes onto the forest users’ groups, and politically motivated whimsical decisions like cancellation of BP Among the Poor Programme, the only programme having coverage in almost all districts in Nepal, have jeopardised the future of the thousands of groups already established. The king’s ‘despotic rule’ in 2005 tried to dismantle the civil society sector because of the latter’s firm stand on democracy. Similarly, the 10 year old insurgency has posed several threats and challenges, such as: insecurity of resources owned by groups; orders to register with the so called “people’s government”; scrutiny from the security forces; requests for donation, taxation and forced labour; suspension of funding by major donors; absence of other formal institutions including local government at the grassroots; and inability of government to channel resources at the grassroots.

In sum, the trend indicates that the sustainability of CBOs continues to be an ignored dimension in Nepal.

**Dynamics of group development: a shrinking tendency**

Taking the UNDP’s typology presented earlier and based on the analysis, a post-phased-out group development trend is presented. The agencies that promote a broad-based holistic programme claim their model works better (Sah, 2003). However, the lack of scrutiny has posed a question to the validity of the claim. This study has
revealed that however broad-based is the participation and however multi-sectoral are the activities, the CBOs of this category tend to shrink both in participants’ number and number of activities after the phase out of projects. Figure 6 proposes a shrinking trend of post phased-out groups.

<table>
<thead>
<tr>
<th>SECTOR (ACTIVITIES)</th>
<th>BENEFICIARIES</th>
<th>TARGETED</th>
<th>BROAD-BASED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single sector</td>
<td>Reduced mostly to savings and credit agenda and confined to a few like-minded people. (D)</td>
<td>Reduced to singular agenda- mostly saving and credit (C)</td>
<td></td>
</tr>
<tr>
<td>Multi-sector</td>
<td>Well-linked and multipurpose activities of the group (B)</td>
<td>Holistic activities of the group (A)</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Arrows indicate a possible shift position*

Figure 6: Process of shrinking tendency of groups

The figure 6 presents a shrinking tendency of post phased-out groups. In the figure, A tends to shrink in both ways: decreasing membership on the one hand, and number and types of activities on the other. Such groups tend to shift gradually either to B or C or even directly to D. There are several reasons behind such a shift. Due to the lack of somebody to motivate and push constantly and lack of new incentives after the supporting agency or project is phased out, some members start to feel that continuing to stay in the groups is not worthwhile. The lack of motivation and interest in nurturing imposed activities for a long time, combined with some instances of possible conflicts, can translate into lethargy. As a result, they tend to gradually lose members and shift to B from A, and give up multiple functions and are left mostly only with savings and credit activity, hence coming to C from A or D from B. This two way change may bring groups to the condition D, directly or through different courses, where only a few likeminded members carry out almost only savings and credit functions or only the sector based specialised activity. The spell of the groups in each stage may differ, and groups may revitalise with new energy and support if they get external help again. However, at D stage, revitalising the groups without external incentives is least likely. As a result, either they decide to divide their money and dissolve their group or, in some
cases, the group is automatically frozen due to the defaulted loans and misappropriation of other resources by the local elites or groups leaders. For any of the above reasons, the eventuality of the ailing group is likely to be closure. Sometimes they are closed down in order to qualify for new and lucrative programmes launched by other CMAs.

Even in some successful groups, frequent turnover in the membership is natural. Many successful groups were found changed from a multi-dimensional group to a single dimensional, i.e. saving and credit group with slight reduction of membership. However, in others, the absence of outside mediation and/or good governance capability provided space for conflicts to emerge without any solution. It is difficult for the weak members in terms of power and position to withstand the hegemony of local ‘elites’. The community mobilisers, who used to work as glue between different sections in community, will no longer be there to continue to hold them. Buckland (1998) has observed such a situation in NGO managed projects in Bangladesh. There are several instances presented in the literature regarding elite capture of resources as a major problem in the management of collective resources in Nepal (for example, Esman and Uphoff, 1984; Ulvila and Hossain 2002; Timsina 2003; Biggs et al, 2004; UNDP, 2004; Marcus and Acharya, 2005).

The process could go through many stages to complete this cycle which vary according to the participation and capacity, level of social capital and downside, and level of institutional arrangement of the phased out groups. Natural resource management groups like forest users groups may go through this process somehow as they too are well known for elite capture and free riding (Ostrom, 1990). This trend might not be applicable when extra efforts are made from time to time to keep the programmes intact in size and activities, and an appropriate self-sustaining mechanism is fully developed. However, as long as group sustainability continues to be an ignored dimension in Nepal, this trend continues to exist. The present efforts made by many Nepalese agencies are not likely to be sufficient to avert this pattern.
Conclusion

This paper has explored the trend in prevalence and sustainability of induced CBOs in Nepal and efforts to sustain them. It has shown an explosion in the number of CBOs especially after the establishment of the multiparty system in 1990 in Nepal. In a country that is highly dependent on traditional and localised systems of cooperation and collective action, the policy environment favouring the formation of groups for self-help development in almost every sector of rural lives has enhanced the popularity of community based groups. Regarding group sustainability, this paper has identified the opposite trend with lack of proper attention to the sustainability aspect. There has been some realisation among agencies and, as a result, some of them have been innovating measures aimed at sustaining post-project groups, but these attempts are insufficient and limited in replication. As the existing polices reward the formation of groups but ignore sustaining them, sustainability of CBOs continues to be an ignored dimension.

This paper has proposed a pathway of groups' conversion which shows how post project phased-out groups, in the lack of a supportive environment, tend to shrink in membership and activities and finally reach a dissolving point.

Finally, the findings presented in this paper have implications for policy makers, donors, agencies as well as beneficiaries. Improvement in their policy and practices are necessary to address the problems related to the sustainability of groups so that benefits generated by such groups might be sustainable.

This study has explored the trend and identified the process related to sustainability of groups. Future studies might focus on internal and social organisational aspects in order to explain factors associated with sustainability of groups and suggest remedies.
References


Annex 1

Scale question on measuring effective functioning score of organisations

A: Democratic participation (Meeting attendance and participation in decision-making process):

1. No meeting attendance in last 12 months as they were not organised
2. Nearly 1/4\textsuperscript{th} of the members attend but some of the officials remain absent
3. Almost half of the members attend but most of them do not participate in decision-making process.
4. Most of the members attend but a few are involved actively in decision-making process.
5. Almost all members attend and are actively involved in decision-making process.

B: Overall rating on the effectiveness of the groups:

1. Dead or disbanded
2. Inactive
3. Moderately active (neither active nor inactive)
4. Active
5. Very active