



SUPPORTING
AN ENABLING ENVIRONMENT
FOR CIVIL SOCIETY

Enabling Environment Snapshot

Nepal

November 2025

Context

From June onwards in 2025, Nepal continued to grapple with chronic political instability, marked by fragile coalitions and frequent government changes. Protests from 8 to 13 September, sparked by widespread corruption and a social media ban, escalated into nationwide violence, claiming at least 74 lives, injuring hundreds, and causing extensive damage to public infrastructure, including the Parliament, Ministries, Supreme Court and political party offices. The former Prime Minister resigned amid chaos; Parliament was dissolved under Article 61(4) of the Constitution, and an interim government led by the former Chief Justice was appointed to conduct elections on 4 March 2026. Prison breaks, curfews, and army deployment underscored the state crisis. Earlier, pro-monarchy clashes in March 2025 highlighted police overreach. These crises, combined with Nepal's impending Least Developed Country (LDC) graduation in 2026 and recent funding shrinkage, have severely disrupted CSO operations, eroded public trust, and shrunk civic space amid heightened surveillance and regulatory uncertainty.

1. Respect and protection of fundamental freedoms

[Nepal's Constitution](#) (Article 17) guarantees fundamental freedoms, including freedom of expression, peaceful assembly, and association. However, civic space remains significantly constrained, as noted by the [CIVICUS Monitor \(October 2025 update\)](#). [Dozens of federal laws required for full constitutional implementation remain pending](#), while provincial and local governments are still navigating the transition to full federalism. This slow and uneven process has weakened decentralisation and restricted civil rights in practice. In several provinces and municipalities, new laws regulating civil society organisations (CSOs) have instead limited their operational independence and civic engagement. The [draft Social Media Act](#), tabled in the Cabinet in August 2025, [has raised concerns](#) over excessive government authority and [restrictions on freedom of expression, posing a serious threat to digital civic space](#). This concern is underscored by a sharp rise in [reported attacks on media and journalists amid political unrest](#), including physical assaults, threats, arson, vandalism of media houses, and journalists being injured or killed while reporting protests and demonstrations.

In recent months, state repression has intensified. The situation escalated in September 2025 with the “Gen Z” protests, sparked by the [government's ban on 26 major social media platforms](#). [Security forces used live ammunition to suppress demonstrations, causing 72 deaths and hundreds of injuries](#). Although the ban was lifted on 8 September 2025, curfews and patrols by security forces continued, deepening public fear and mistrust. The crisis ultimately led to the dissolution of the Government and Parliament.

CSOs that condemned the violence faced intimidation and harassment, while several activists were detained for allegedly spreading rumours. Since the movement, [clashes between established political parties and Gen Z protesters have increased](#), prompting continued police interventions. These developments have severely undermined freedoms of expression, assembly, and association, diminishing CSOs' ability to organise, advocate, and hold authorities accountable—particularly in the areas of governance, transparency, and human rights.

Meanwhile, the NGO Federation of Nepal ([NFN](#)) submitted a position to Hon. President Ram Chandra Paudel, emphasising the need to safeguard democratic norms by ensuring free and

timely elections, strengthening good governance and accountability, elevating youth voices in policymaking, and supporting national dialogue in collaboration with state institutions during the ongoing political transition.

2. Supportive legal framework for the work of civil society actors

The legal framework governing CSOs in Nepal remains fragmented and outdated, primarily guided by the [Association Registration Act \(1977\)](#) and the [Social Welfare Act \(1992\)](#). Registration and compliance processes involve multiple authorities—including District Administration Offices (DAOs), the Social Welfare Council (SWC), local governments, and tax offices—resulting in bureaucratic delays, duplication of reporting, and inconsistent approvals. These overlapping mandates have created significant operational inefficiencies and administrative burdens for CSOs at all levels.

In August 2025, the government introduced a [draft Association Act aimed at consolidating existing legislation](#). However, the drafting process, led by the Ministry of Home Affairs (MoHA) instead of the Ministry of Women, Children, and Senior Citizens, raised serious concerns among civil society actors that CSOs were being viewed through a security lens rather than as partners in development. The proposed bill reportedly grants excessive discretionary powers to government authorities and introduces cumbersome procedures for registration, renewal, and operation. Without meaningful consultation and inclusion, the new [Act](#) risks overregulation, threatening CSO autonomy, legitimacy, and independence. The proposed Association Act thus reflects a regulatory rather than enabling approach, prioritising state control over partnership and accountability.

In response, the NGO Federation of Nepal (NFN) and over 40 CSOs [jointly issued a position paper](#) calling for the reinstatement of oversight under a development-oriented ministry, simplified regulatory processes, and the establishment of an independent Social Development Board. Although continued advocacy raised expectations for a more enabling and CSO-friendly revision, the recent political shift has made progress uncertain.

Meanwhile, the [2025 amendment to the Money Laundering Prevention Act](#) has heightened financial scrutiny on foreign-funded organisations, further complicating operational procedures. Persistent delays by the SWC in approving non-infrastructure projects have also hindered programme implementation. The political crisis following the September 2025 protests and the subsequent dissolution of Parliament have stalled legislative reforms, leaving the future of CSO-related laws uncertain.

3. Accessible and sustainable resources

CSOs in Nepal continue to rely predominantly on international development assistance, with limited access to domestic funding sources such as federal, provincial, and local government budgets. Although the [Industrial Enterprises Act, 2020](#) introduced mandatory corporate social responsibility (CSR) provisions for the private sector, and banks and financial institutions (BFIs) are required to allocate CSR funds as per [Nepal Rastra Bank's Circular](#) No. 11/073/74 (January 25, 2017), clear mechanisms for CSO engagement and access to these resources

are still lacking. Only a small number of companies have developed meaningful partnerships with CSOs, despite the [Supreme Court having mandated the mobilisation of CSR for marginalised communities](#).

The shrinking of foreign funds disrupted the operations of many organisations, [affecting programmes in health, education, and disaster response, and resulting in significant job losses across the sector](#). Nepal's anticipated graduation [from Least Developed Country \(LDC\) status in 2026 is expected to further reduce foreign aid flows](#), posing a challenge to the financial sustainability of CSOs. In the context of recent political changes, [multiple concerns](#) have been raised regarding the implications of Nepal's LDC graduation.

Additional barriers persist in the regulatory environment. Many CSOs face complications related to Value Added Tax (VAT) and Permanent Account Number (PAN) requirements, with some funding agencies mandating VAT registration as a prerequisite for grant eligibility—effectively excluding smaller or community-based organisations (Provincial CSOs consultation).

The September 2025 political crisis further intensified these challenges. [Widespread violence damaged several media houses](#), which form an important part of Nepal's broader civic space, forcing them to divert resources toward emergency relief and reconstruction and disrupted donor coordination mechanisms due to shifted government priority. Meanwhile, the proposed unified Civil Society Act under the Ministry of Home Affairs (MoHA) and the Social Welfare Council's draft anti-money laundering guidelines introduce stricter funding audits and compliance obligations, increasing administrative burdens without applying risk-based proportionality. Together, these factors undermine CSOs' ability to access and sustain essential financial resources needed for their long-term viability and impact.

4. State openness and responsiveness

Government engagement with CSOs in Nepal remains inconsistent and often symbolic. While umbrella bodies such as the NGO Federation of Nepal (NFN) and various sectoral networks participate in Sustainable Development Goal (SDG) forums and federal committees, their inputs are rarely binding or meaningfully integrated into policy decisions. Feedback from provincial consultations further highlights this inconsistency. At the local level, practices vary widely: some municipalities actively collaborate with CSOs in planning and implementation, while others remain hesitant or dismissive of civil society engagement.

The recent government failed to respond in a timely and meaningful manner to the demands raised by Gen Z. The Gen Z movement exposed this deep disconnect between the state and citizens—what began as peaceful calls for accountability and anti-corruption measures escalated into widespread unrest, resulting in heavy casualties and property damage.

Despite constitutional commitments to inclusive governance, the participation of marginalised communities—women, youth, Dalits, Indigenous Peoples, and minorities—remains limited in decision-making processes. [CSO appeals for independent investigations into protest-related violence have gone unanswered](#). The continuing political instability and absence of a functioning Parliament have deepened this accountability gap, isolated civil society voices and weakened prospects for human rights protection, participatory governance, and state–citizen trust.

5. Political Culture and Public Discourses on Civil Society

Public perception of Civil Society Organisations (CSOs) in Nepal remains complex and, at times, sceptical. Despite their longstanding contributions to social justice, development, and democratic governance, CSOs are often misrepresented in political and media narratives.

In 2025, public discourse further deteriorated. After reduced international funding, state-aligned media framed increased oversight by the Ministry of Home Affairs as a necessary anti-corruption measure. During the Gen-Z protests, CSOs were labelled as disloyal towards the state and several political leaders and commentators accused CSOs of inciting unrest and questioned their legitimacy. Such rhetoric has deepened mistrust among the public, reinforcing negative perceptions of CSOs.

In response to these attacks, the NFN, along with CSO actors, issued a joint statement emphasising that CSOs are not adversaries of the state but partners in implementing public policies. The statement further warned that recent political and media narratives have devalued the historic contributions of civil movements to Nepal's democratic evolution.

6. Access to a secure digital environment

A major negative development was the government's September 2025 decision to ban major social media platforms like Facebook, X, and YouTube, citing their failure to comply with mandatory local registration requirements under the Social Media Operation Directive (2023), enforced after a Supreme Court order. The ban—lifted on 8 September amid protests—disrupted CSO communication, fundraising, and advocacy. This action is the culmination of increasing regulatory pressure, including the misuse of the Electronic Transactions Act to arrest journalists and other users for content posted online, thereby stifling online dissent.

CSOs face online harassment, disinformation, and data risks, especially during crises. After the Gen-Z protest, misinformation and disinformation are threatening CSOs and their activities. The ban severely curtailed digital civic space, hindering real-time coordination and amplifying state narrative control.

Challenges and Opportunities

Nepal's CSOs continue to face challenges of public mistrust and perceptions of elitism or political bias, which erode their legitimacy. Baseless allegations and distrust toward civil society undermine the principles and values of democracy. Nevertheless, their role in promoting peace, accountability, and human rights during the September crisis highlights their continuing relevance. Rebuilding public confidence will require CSOs to further demonstrate their transparency, require stronger communication of the impact of CSOs, and coordinated efforts to counter negative narratives through evidence-based advocacy, media engagement and civic education.

Shrinking foreign funding, heightened regulatory scrutiny under proposed laws like the draft Association Act (led by the Ministry of Home Affairs), and persistent bureaucratic hurdles are expected to continue eroding operational capacity, financial sustainability, and public trust. Negative narratives portraying CSOs as "foreign agents" or instigators during crises further delegitimise their work, while digital restrictions and misinformation exacerbate coordination difficulties.

Nevertheless, opportunities emerge from the transition to snap elections on 5 March 2026. The free, fair, and timely elections are a core mechanism through which fundamental freedoms, particularly freedom of expression, peaceful assembly, and association, are realised and protected. In the current context, elections provide a non-violent, institutional avenue for citizens, including youth and civil society, to express political preferences, influence governance, and hold authorities accountable. The government formed after the Gen-Z protest has to conduct the election on time. As of the voter registration deadline, [837,094 new voters](#) have been registered ahead of the March 5 snap polls. In parallel, the Election Commission expanded access to voter registration through online platforms, allowing eligible citizens, including members of the Nepali diaspora, to register remotely.

The interim government and upcoming polls provide avenues for CSOs to influence party manifestos on civic freedoms, inclusive governance, and human rights, as the [government is also seeking support from civil society](#). Unified advocacy can push for an enabling unified CSO Act through inclusive drafting, independent investigations into protest violence, and rights-based regulations. International partnerships offer leverage for transitional support post-LDC graduation.

Recommendations

- Actively influence party manifestos and engage the Election Commission to embed commitments on civic freedoms, inclusive governance, youth participation, and human rights; serve as independent watchdogs to ensure free, fair, and timely March 2026 elections.
- Demand independent investigations into protest-related violence and human rights violations.
- Promote policies enabling access to domestic resources (such as effective CSR mechanisms, social entrepreneurship provisions) and urge donors to provide flexible core funding and transitional support post-LDC graduation.
- Improve impact reporting and launch evidence-based campaigns to counter negative narratives and rebuild public trust.
- Collaborate with the interim government to facilitate multi-stakeholder dialogues on democratic norms, accountability, and marginalised voices during the political transition.

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