



SUPPORTING
AN ENABLING ENVIRONMENT
FOR CIVIL SOCIETY

Enabling Environment Snapshot

Nepal

August 2026

Context

Period covered by this report: February to May 2026

Nepal transitioned from political crisis to renewed democratic momentum in early 2026. Following violent crackdown on [Gen Z protests](#) in September 2025, characterised by the disproportionate use of lethal force that resulted in dozens of deaths and the subsequent dissolution of parliament, and an interim government under a former Chief Justice, the country held snap House of Representatives elections on 5 March 2026. These elections proceeded peacefully with [around 60% voter turnout](#), signaling a tectonic shift in the political landscape as the Rastriya Swatantra Party (RSP) secured a nearly two-thirds majority, [securing 182](#) out of 275 seats.

Former Kathmandu mayor, the 35-year-old [rapper-turned-politician Balendra Shah, became Prime Minister](#) on 27 March 2026, forming Nepal's first majority government in decades and marking a significant generational shift driven by youth and anti-establishment sentiment. The interim period also saw the [withdrawal of a controversial Social Media Bill](#) in February 2026, addressing a key protest demand. Nepal's impending graduation from 'least developed country' (LDC) status in November 2026 continues to pose funding challenges for CSOs amid ongoing economic pressures. Overall, this period reflects a state of guarded recovery, where restored electoral legitimacy exists alongside persistent systemic threats to associative and expressive freedoms.

1. Respect and protection of fundamental freedoms

[Nepal's Constitution](#) guarantees freedoms of expression, assembly, and association, but implementation remains uneven. CSOs continued their advocacy for accountability, free elections, and inclusion of marginalised groups. While freedoms saw improvement through the electoral process and reduced immediate repression, implementation remains fragmented across provincial lines. The government's '[100-point roadmap](#)' along with constitutional amendments poses specific substantive risks to the enjoyment of fundamental freedoms, as CSOs fear the entrenchment of vague national harmony clauses that could be weaponised to criminalise dissent. There is a significant risk that amendments may formalise the executive trend of depoliticisation, potentially withdrawing constitutional protections for CSOs engaged in governance monitoring in favour of those focused strictly on service delivery. Furthermore, CSOs are concerned about the legal codification of prohibitory zones, which would permanently restrict the physical space for protest in urban centres.

In February 2026, the interim government withdrew the controversial Social Media Bill, which [had proposed heavy restrictions](#), registration mandates, and penalties that threatened freedom of expression. This move responded to sustained criticism from CSOs, media, and digital rights advocates. However, after the formation of the new government, reports of [arrests of political](#) leaders and officials without proper process raised concerns and may add to a broader chilling effect on dissent.

The forced evictions along the Bagmati and Manohara riverbanks in late April 2026 underscored a sharp disconnect between urban development and human rights. The government authorities carried out a large-scale [eviction of informal settlements](#) in these

areas, affecting thousands of households. Displaced families were relocated to temporary holding centres such as Kirtipur, and Dasharath Stadium. However, conditions in these [shelters have been widely reported as inadequate](#), with issues including lack of safety and overcrowding, limited access to clean water, healthcare, and privacy. CSOs working on housing rights, urban poor issues, and human rights faced restricted access to affected communities, difficulties in monitoring and documenting the process, and challenges in supporting peaceful assembly and advocacy by the displaced. Vulnerable groups (children, pregnant women, the elderly, and persons with disabilities) were disproportionately affected.

Overall, civic freedoms experienced a measured recovery in this period, though evictions and implementation gaps highlighted ongoing concerns.

2. Supportive legal and regulatory framework

The legal environment for CSOs remains uncertain and in a wait-and-see phase. The outdated [Association Registration Act \(1977\)](#) and [Social Welfare Act \(1992\)](#) remain the primary frameworks, with ongoing bureaucratic hurdles. Discussions on a unified CSO Act continued amid post-election uncertainty. CSO networks and associations continued to advocate for predictable and CSO-friendly regulatory frameworks, with the shift to a new majority government seen as an opportunity to push for more consultative, development-oriented reforms. Specifically, CSO coalitions advocated for simplified processes, an independent Social Development Board, and reduced duplication across authorities. However, the government's inclusion of the [dissolution of the Social Welfare Council \(SWC\)](#) in its 100-point action plan has created uncertainty among CSOs and funding agencies. The SWC is the key government institution responsible for the registration, affiliation, coordination, and regulation of CSOs in Nepal, especially for foreign-funded CSOs. While some stakeholders acknowledge the need for institutional reform, many CSOs are concerned that dissolving the SWC without establishing a clear and effective [alternative regulatory mechanism](#) could create legal and operational uncertainty, disrupt funding approvals, and weaken the overall enabling environment for civil society.

[Money Laundering Prevention Act amendments](#) and SWC delays still burden foreign-funded organisations and create bureaucratic hurdles. In February 2026, the [Social Welfare Council launched a Digital Service](#), an e-platform for project approvals to facilitate remote CSOs. However, implementation issues persist, and the platform is not functioning smoothly. Civil society advocated with major political parties to include civic space and enabling environment agendas in their manifestos, but this was not adequately reflected. Instead, the government's executive move to [dissolve Trade Unions and Student Organisations](#), justified under a controversial mandate of depoliticisation, marks a significant escalation in state-led shrinkage of civic space. Although a 12 May [Supreme Court stay order](#) provided a critical legal check against this dissolution, the attempt triggered intense international condemnation and [local resistance](#), highlighting a deepening friction between the new administration's efficiency-driven agenda and the fundamental constitutional right to freedom of association.

During the National Civil Society Conference held in May 2026, civil society organisations called on the Government [to publish the National Human Rights Commission \(NHRC\) report](#) on the Gen-Z Protest incidents and ensure accountability for those responsible. The conference also raised concerns [over increasing restrictions on civic space](#), pressure and

administrative barriers faced by civil society organisations, and urged the government to protect fundamental freedoms, adopt civil society-friendly laws, and ensure meaningful CSO participation in governance and constitutional reform processes.

3. Accessible and sustainable resources

CSOs face continued funding constraints. Reliance on international aid persists, with the graduation from ‘least developed country’ (LDC) status looming as a major risk for reduced flows. The graduation is scheduled for November 2026, though [deferral discussions are under way](#). Domestic sources like corporate social responsibility (CSR) remain underutilised due to weak mechanisms for CSO access.

The political transition and election-related disruptions [diverted some resources](#) toward relief and monitoring. Positive developments include the peaceful election outcome, which may stabilise donor confidence. However, regulatory burdens, such as Value Added Tax (VAT)/Permanent Account Number (PAN) requirements and SWC approvals, continue to exclude smaller organisations.

Post-protest recovery and election observation stretched CSO capacities. The new government’s emphasis on anti-corruption and service delivery could open avenues for CSO partnerships, but concrete resource mobilisation strategies are still needed. Early signals indicate an anti-CSO approach, particularly toward advocacy-focused groups, that could also affect access to resources. The dissolution of the SWC could disrupt funding and weaken the accessibility of resources. CSOs continue to advocate for improved access to federal and provincial funding, and more flexible and sustainable financing mechanisms.

4. Open and responsive state

CSOs played a visible role in election observation and advocacy for timely, free polls. The interim government coordinated with stakeholders, and the new RSP administration inherits strong public expectations for responsiveness, particularly on governance reform and youth inclusion.

However, systemic issues remain: participation of marginalised groups in decision-making is limited. The past appeals for independent probes into protest violence have seen [only partial action](#). The newly elected government has not yet prioritised CSO-specific reforms, showing early signals of a focus on governance efficiency and potential restrictions on advocacy-oriented organisations. Beyond formal legislation, CSOs have reported a less enabling operating environment. Government institutions have, in some instances, been reluctant to participate in civil society-led advocacy initiatives, while public officials have become increasingly cautious about engaging in policy dialogue organised by CSOs. Additionally, government ministers and officials appear to be [avoiding public](#) programmes and debates, making access to decision-makers more difficult post-formation.

The new parliament and cabinet created a space for dialogue on SDGs, human rights, and enabling environments and a constitutional amendment process. Civil society actors have raised issues that civic space must be adequately addressed during the amendment process, with meaningful participation of CSOs being crucial. CSO networks and

organisations have submitted their positions and engaged in pre- and post-election processes, including consultations on constitutional amendments and legal and policy decision-making processes. Local-level collaboration varies but shows potential for expansion under the new mandate.

5. Supportive public culture and discourses on civil society

The successful conduct of the 5 March 2026 [elections, monitored](#) by thousands of CSO observers, including those coordinated by CSOs, such as NFN, National Election Observation Committee, General Election Observation Committee, and Election Observation Committee Nepal, as well as four international observer organisations, marked a positive step toward restoring civic trust after the September 2025 violence. High youth participation reflected the Gen Z movement's lasting impact on public expression. CSO networks consistently emphasised the urgent need to safeguard democratic norms during the transition, positioning themselves as critical watchdogs to ensure the protection of minority rights. CSO election observation reports [noted weaknesses](#) in voter education, the absence of out-of-country voting (OCV) for migrant workers and out-of-district provisions for internal migrants, accessibility issues for persons with disabilities and elderly voters, some barriers to observer access, zero votes in certain centres, and the spread of misinformation on social media. They recommended the implementation of absentee balloting, stronger voter education, disability-friendly centres, and broader electoral reforms to ensure universal suffrage.

Public perception of CSOs remains mixed. Following the Gen Z protests, narratives accusing CSOs of incitement have eased as the successful elections validated demands for accountability. The RSP's anti-establishment platform aligned with some CSO calls for reform, potentially reducing stigma. The new government, with many young parliamentarians, signalled potential for greater openness to youth and civil society voices. However, public discourse is being systematically poisoned by [digital trolling and the use of abusive language](#), which targets any individual or organisation offering evidence-based criticism of a certain agency or a political party. This environment forces activists to choose between 'silence or character assassination,' significantly lowering the quality of public debate.

Media and public discourse highlighted youth agency and democratic resilience. CSO networks issued joint statements and [observation reports](#), reinforcing CSOs as partners in transparent elections and governance. Challenges of perceived elitism persist, but CSOs' role in monitoring and advocacy during the transition helped counter negative views.

6. Access to a secure digital environment

The February 2026 [withdrawal of the Social Media Bill](#) represented a major positive development for digital civic space, averting restrictions that could have stifled online expression and CSO coordination. This addressed a core Gen Z grievance.

Disinformation concerns remain; during the election period, there was a [massive flow](#) of misinformation and disinformation. Additionally, there was open digital discourse supporting

voter information and mobilisation. CSOs utilised platforms for observation, reporting and advocacy.

The new government's youth-oriented leadership may favour more balanced digital policies aligned with constitutional freedoms. However, residual effects of the 2025 protest-era digital crackdown require close monitoring. Specifically, Section 47 of the [Electronic Transactions Act](#) (ETA) remains a primary tool for judicial harassment, with several activists still facing active court cases for online posts made during the 2025 unrest. Furthermore, the infrastructure for platform-wide bans developed during the 2025 crisis remains in place, posing a latent threat to digital coordination. These factors contribute to a persistent chilling effect, where digital actors practise self-censorship to avoid being targeted under the ETA's vague provisions regarding public morality and social harmony. Evidence from [Freedom Forum reports](#) suggests that while the legislative threat of the Social Media Bill has passed, administrative and judicial pressure on digital expression remains a significant barrier.

Challenges and opportunities

Challenges

The government's intent to dissolve the Social Welfare Council (SWC) and its recent attempt to ban trade unions signal a shift toward an executive-heavy governance style that prioritises administrative efficiency over associative rights. This depoliticisation narrative poses a strategic risk, as it may be used to delegitimise advocacy-oriented CSOs. Furthermore, as the November 2026 LDC graduation approaches, the lack of a clear domestic resource mobilisation strategy threatens the institutional survival of grassroots and specialised organisations, particularly those representing rights holders like the LGBTQI+ and disability communities who already face disaggregated funding barriers.

Opportunities

The government's proposed impending constitutional amendment process presents a high-stakes opportunity for CSOs to unify their advocacy to demand that civic space protections are explicitly enshrined in the constitutional revisions. The LDC graduation itself provides a platform to negotiate for a Social Development Fund that could formalise domestic resource access for CSOs.

Recommendations

Instead of reacting to restrictive bills, CSOs should produce a proactive draft Civil Society Act that defines an independent Social Development Board, ensuring they set the terms of the legislative debate.

- CSOs must advocate for the reform of CSR laws to allow direct, transparent funding for human rights and governance monitoring, reducing the dependency on international aid.
- To counter the elitism stigma, networks must institutionalise disaggregated data collection to prove their impact on the most marginalised groups.
- CSOs should establish and promote the digital civic space and right to expression campaign dedicated to those facing administrative harassment or digital surveillance in the coming months.

- International actors should simplify compliance requirements to allow easier resource access to sub-national and marginalised-led organisations (LGBTQI+, Dalit, and disability-led groups).
- The international community should continue to support independent civic space monitoring to ensure that the international community has an objective, evidence-based counter-narrative.

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