

Final Report

# Institutionalisation of the Social Inclusion Research Fund (SIRF)

## **Taskforce Team**

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## TABLE OF CONTENT

<b>1. INTRODUCTION .....</b>	<b>2</b>
1.1 SCOPE OF WORK.....	3
1.2 METHODOLOGY.....	4
<b>2. RATIONALE FOR INSTITUTIONALISATION OF SIRF .....</b>	<b>4</b>
<b>3. OUTCOME OF CONSULTATIONS.....</b>	<b>6</b>
3.1 VISIT TO THE RESEARCH COUNCIL OF NORWAY.....	6
<b>4. THE SOCIAL INCLUSION RESEARCH FUND DEVELOPMENT BOARD .....</b>	<b>7</b>
4.1 THE KEY FEATURES OF THE PROPOSED BOARD FORMATION ACT .....	7
4.1.1 <i>Objectives of the Act</i> .....	7
4.1.2 <i>Institutional Arrangement</i> .....	7
4.1.3 <i>Composition of the Board</i> .....	7
4.1.4 <i>Functions of the Board</i> .....	8
4.1.5 <i>Staff of the Fund</i> .....	8
4.1.6 <i>Role of the Executive Director</i> .....	9
4.1.7 <i>Sources of Funding</i> .....	9
4.1.8 <i>NPC as a Focal Agency</i> .....	9
4.1.9 <i>Accounts, Audit and Rules and Regulation</i> .....	9
4.2 CORE OBJECTIVES OF THE BOARD .....	9
4.3 ESTIMATED COST AND FINANCIAL SUSTAINABILITY .....	10

# 1. Introduction

As a follow-up to an assessment of Norwegian support to NGOs in Nepal (2002), the Royal Norwegian Embassy, Kathmandu, envisaged a need to stimulate further research on processes of nation building, social exclusion and poverty, and the role of the civil society in Nepal. A project identification team submitted a report in June 2003 titled “Social Exclusion and Nation Building – Assessment of prospects for enhancing the role of research and research institutions in Nepal”.<sup>1</sup> The Team recommended a two-pronged approach of setting-up a *research fund* in Nepal in one hand while **Financing Research and Cooperation** between Norwegian and Nepali research institutions on the other. The Embassy in early 2004 endorsed this framework and invited members of the identification team to assist in further preparation.<sup>2</sup> A decision was subsequently made to invite SNV-Nepal to manage a project for establishing the research fund. As a result the **Social Inclusion Research Fund** was established, with its secretariat in the SNV/Nepal premises with the objective to:

- Produce high quality and critical research on causes of social exclusion in Nepal and ways to accommodate and promote diversity
- Make social science research more relevant to excluded and disadvantaged groups and their agendas
- Ensure that research contributes more effectively to policy debate and a deliberative democratic process

As per the project design, the Research Fund is presently being administered through a secretariat housed in SNV, with the Interim Screening Committee (ISC) working on behalf of the Government of Nepal and Norway. This interim arrangement is for a period of 3 years (2005-2007). The Research Fund has completed an initial cycle of launching the fund, calling for the proposals, grant administration and capacity building. The fund has accordingly awarded grants for fellows and apprenticeships, provided support in building the capacity of the researchers and monitored the quality of the research.

In this context, as envisaged in the project document, the ISC felt the need to initiate the process to identify the suitable structure and subsequent arrangements to institutionalise the Research Fund so as to give the fund an independent autonomous Nepali national “identity” of its own, thereby enabling the fund to operate as an independent legal body in Nepal.

In order to initiate the process of institutionalising the Research Fund, the ISC meeting held on 6-7 December, 2007 decided to re-form a task force to initiate the process of the institutionalisation of the Research Fund by June 2008.

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<sup>1</sup> Medina, L-A. B. , A. M. Jerve, M. D. Manandhar and M. Thompson. *Social Exclusion and nation Building – assessment of prospects for enhancing the role of research and research institutions in Nepal*. Norwegian Embassy, Kathmandu. May 2003.

<sup>2</sup> Alf Morten Jerve - Chr. Michelsen Institute, Norway, Mohan Das Manandhar - Organisation Development Centre Incorporated, Nepal and Lill-Ann Bjaarstad Medina (NORAD). Hilde Thyness (NORAD) participated as trainee.

However, there has been downsizing in the five member committee to three. The following members are continuing as a task force:

1. Mr. Shambhu Sharan Kayastha, Chairperson
2. Mr. Purna Man Shakya, Legal consultant
3. Mr. Mohan Das Manandhar, Management consultant

Although the legal and institutional framework for SIRF had been conceived and presented by the 5 member task force, the need for further discussion with other civil society actors and stakeholders was felt regarding the process of institutionalizing the fund into an institution and the possible mechanisms that can be embedded in the process to ensure that the objectives envisioned for this new institutions are fully realized. Hence, a half day interaction workshop on Institutionalization of Social Inclusion in Nepal was held on 5 December 2007 at Hotel Malla, Lainchor, Kathmandu.

The workshop ended with apparent conclusion that the institutionalization of SIRF is an inevitable step. It was commonly understood that SIRF will undertake research activities and not actively get involved in advocacy.

## 1.1 Scope of Work

As stated in the Terms of reference the specific objectives for the taskforce include:

- Support government in formation order of the institutionalization of SIRF
- Support on organizational by laws: rules and policies
- Help create committee laws
- Assist in Budgeting
- Facilitate in formulating organisational structure and its operational details including human resource requirements

The development of the institutional framework of the research fund will be primarily based upon the basic components of the existing research fund. It has been envisaged that the institutionalisation of the research fund will lead into the establishment of a legal national entity that will have the following three broad basic functions:

- Manage funds for both research grants and apprenticeship grants
- Capacity building through education and training
- Dissemination of research findings through public debate, publications and other interactions with various stakeholders for both public and policy level advocacy

### **Expected Deliverables:**

- Develop Social Inclusion Research Fund Development Board Act 2064 (formation order)
- Carry out the process of institutionalisation within the estimated cost.
- Final report outlining the process of institutionalising SIRF & recommendations.

## 1.2 Methodology

The team focused more on team meetings to develop the framework for the formation order for the board and also carried out consultations with selected key persons. The team also studied various legal and management documents of other similar institution and board in Nepal and other countries. One of the team member visited Research Council of Norway and had comprehensive discussion on management and operational structure, modality and processes including quality monitoring and dissemination. The learning was shared among the team and some are incorporated in the proposal.

The draft Board formation act was presented to NPC Vice Chair for initiating process of formalising by NPC. The comments and suggestion from NPC including legal expert were included before it was send to other ministry for comments in order to finalise and presented to Cabinet.

One donor consultation workshop was organised on February 28, 2008 to inform and seek their comment to support SIRF. During the meeting, NPC Vice Chair announced that NPC has initiated the process of formalisation of draft board formation act.

## 2. Rationale for Institutionalisation of SIRF

After nearly two and half centuries of social exclusion and 10 years of conflict in the country, Nepal now stand amidst the opportunities to redress the past problems that have been created purposively or consciously due to social exclusionary practices. Centuries of exclusions have created an enormous gap in understanding on the life, philosophy, and attributes of different groups of people. Many myths of fragmentation and division had been milled about being inclusive and restructuring the state into a federal one based on ethnicity and language. Through years of subjugation and marginalization of different ethnic and caste communities, the knowledge base on them had been depleted as to who they are, where they live, how they live, what are their social, economic, cultural and political status, etc. How the knowledge and skills of these groups can turn into resources in the creation of a new Nations' state? Where are the gaps and shortcoming in policies devised in absence of proper understanding of the people they were aimed for? What new policies would be needed that are best suited to the people to provide better living conditions where all individuals and groups can feel belonging to the nation state.

To better understand the people, their needs, resources, their assets and how to build nations state, clearly there is a strong need for high quality research that is:

- empirically founded
- not confronted with an elitist bias or dominated by development paradigms of donor agencies
- analytical work based on wide array of institutions including those of the excluded groups

Therefore, to rectify past subjugations, dignify its citizens, and reformulate policies based on newer understandings and help government to reposition itself in establishing peace in the country an Act for Social Inclusion and Research Foundation is justified *in order to* institute a national level autonomous semi-academic body that will

- Focus on structural inequalities and their implications for building a more inclusive Nepal nation state
- Promote and support longer term research within the selected thematic areas

After initial discussions it was agreed upon that the development of the institutional framework of the research fund will be built upon the basic components of the existing research fund. Thus, a preliminary concept of the functions and objectives of the national institute encapsulates the following features:

- The first primary activity of the national institution will be to manage and administer the funding of critical research on social inclusion and nation building in Nepal in order to build critical knowledge on the issue. This includes financing of the following activities:
  - Research: Promote research of high quality through financing longer-term research projects in the area of social inclusion in cooperation with excluded groups
  - Apprenticeship Programmes: Providing research apprentice opportunities to the candidates from excluded groups where they will have an opportunity to be involved in research under the guidance of an experienced researcher
  - Advocacy: Carry out diverse initiatives for dissemination of research outputs in ways that stimulates debate and engages policy makers, donor representatives and the civil society and informed public in general; giving special priority to initiatives for sharing research outputs to various interest and advocacy groups working for the rights of excluded groups
  - Capacity Building: Capacity building of those selected for apprenticeship programmes which may include training, supervision, mentoring etc.
- The second primary activity involves institutionalisation of social inclusion agenda in policy making, government and civil society institution, development activities and deliberation in socio-political process. It also involves appreciation and recognition of special knowledge generated by various excluded groups.
- One other key aspect that has been considered is the issue of institutional sustainability for this institution. In this regard, the concept of establishing a semi-academic institution has also been proposed; offering certification courses, diplomas or degrees specialising in social inclusion.

There are three core prerequisites foreseen for the design of this institution to ensure that it has the power, resources and autonomy to fulfil the objectives and tasks specified above. There should be the political will and commitment, high level leadership assurance and multi-stakeholder accountability. Therefore, the taskforce have concluded that this national institution cannot be just an NGO, or any government body, or a University or a private company. The institution is expected to carry enough legitimacy and influence to be accepted by the government, especially in order to contribute (and be heard) in policy formulation that will effectively address the core issues of social exclusion/inclusion inherent in the system. One of the main objectives of the fund is to make social science research more relevant to the excluded groups and their agendas. Hence, there should also be representation of right based groups and organisations; especially relating to *janjati, dalit, madhesi* and *Women*. And finally, this institution should also have affiliations with other research institutions and active researchers and thus they should also be represented in the institution.

### 3. Outcome of Consultations

The key issues raised and findings through the interactions are summarized below:

#### 3.1 Visit to the Research Council of Norway

The main areas that were explored with the Research Council of Norway (RCN) are as follows:

- Explore how international research collaboration can contribute to building competence and capacity in the context of Norwegian – Nepalese institutional co-operation (Networking)
- Explore the stages of developing and managing a new research program
- Explore institutional dimensions of research administration and finance systems and understand key elements in the building up of a research council
- Exchange experiences regarding procedures and efficiency of handling research applications-how to improve/refine the whole cycle of administration/operation management process; issues regarding conflict of interest re reviewers
- Explore how research results are disseminated & communicated to policy makers, as well as their possible policy implications;
- To exchange learning of monitoring mechanism especially in the research quality control and also in minimizing the grant defaulters; and
- To exchange challenges of initiating and managing new research programs

The discussion lead to following recommendation:

- Instead of autonomous body, SIRF Development Board should be bridging the gap between the civil society, political activists and government.
- Needs to have stronger relationship with the universities.
- Executive Board should also include 6 members from excluded group (4 members representing Dalit, Janajati, women and Madheshi)
- Institutional framework needs to be worked out.
- There should be two levels of strategies and decision making as follows;
  - Development Board (institutional strategy)
  - Screening/ steering committee (a sub committee): need to define the difference.
- With the new model, institutional and scientific roles will be separated
- Articulating the agenda: three areas of representation namely: Civil society forum, Academicians, and Political activists

There was detailed discussion on the proposed organization structure, process of review and quality monitoring of SIRF Development Board acting as research council of Nepal. The deliberation also focused on call for research fellowships, review process and dissemination.

The research council also provided many valuable suggestions on structure and system to be build for SIRF to become effective research council. The team also discussed the ways to enhance quality monitoring mechanism. The team had various suggestions on dissemination strategy from the RCN.

RCN expressed interest to collaborate with SIRF in formal basis. Three areas of particular (external) support is identified which to strengthen the Board, which are: (i) Calling and processing of applications (have made a good start, but need tighter systems); (ii) Quality control, monitoring and results and (iii) Communication and dissemination (have not yet involved research communities in this process and also need to make dialogue with them). SIRF should follow up idea of creating a peer reviewed Journal.

## 4. The Social Inclusion Research Fund Development Board

On the basis of the inputs received and after series of discussions, the taskforce has developed Draft Development Board formation act and was presented to NPC for initiating the formalisation process. This draft Act lays out the legal, administrative and management framework for the proposed institution.

### 4.1 The key features of the proposed Board Formation Act

The Social Inclusion Fund Development Board will be created through an Development Board Formation Act passed by the Cabinet. This will symbolize the commitment of the government on the issues of social inclusion. The salient features of the proposed Act will be as follows (for the draft of the Social Inclusion Fund Board Formation Act 2065 refer to annex 1 ):

#### 4.1.1 Objectives of the Act

The core objective of the SIRF Development Board is to produce high quality research materials on social exclusion and do necessary advocacy for inclusion of the findings of research in policy and programmes of the government. Comprehensive definition *Women, Dalit, Adiwasi Janajati (Indigenous Communities) and Madhesi* as target groups will be provided in the Act. Further details on the definition part may be taken at the time of making bylaws.

#### 4.1.2 Institutional Arrangement

The institutional components of the Board will include:

1. Board
2. Sub-committees (on need basis)
3. Donor Consultation Committee (on need basis)
4. Executive Director
5. The staff

The Board will have a Social Inclusion Committee at the top to take policy decisions. The Board is chaired by Vice Chairperson of NPC to give the ownership of government and academic as well as policy clout.

#### 4.1.3 Composition of the Board

The SIRF Development Board consists of both the government representatives and target community representatives. The composition is as follows:

NPC Vice Chair	- Chair
Senior Social Inclusion Expert	- Secretary and Executive Director
Expert on Dalit	- Member
Expert on Women	- Member
Expert on Janajati	- Member
Expert on Madhesi	- Member
Representative from civil society	- Member

#### 4.1.4 Functions of the Board

The Board makes major policy decisions of the SIRFDB. The major functions of the Board are as follows:

- To approve plans programme policies of social inclusion of the Fund Board;
- To approve annual programme and budget;
- To approve and promulgate bylaws of Fund Board;
- To finalize the subject matter of research;
- To approve research proposals and monitor the research activities;
- To determine the indicators of social inclusion and monitor the progress;
- To take necessary steps for inclusion of research findings in policies and programmes of the government;
- To enhance the research capacity of the excluded groups;
- To approve the annual report
- To approve the organizational structure and create posts for recruitment of the staff; and
- To do all other necessary activities to achieve the objectives of the Fund Board.

#### 4.1.5 Staff of the Fund

The Organizational Structure of the SIRF Development Board is expected to be slim and smart and it will be determined through bylaws. The staff is accountable to Executive Director who in turn is accountable to Board. The staff will be hired on contract basis through open competition. The size of the staff will depend on the programme needs and the activities of the Foundation. There will be a committee headed by Executive Director to recruit the staff of the SIRF Development Board. For the preliminary proposed organisation structure, refer to annex 2.

Under the Vice Chairperson, 4 different directors to oversee four thematic areas have been proposed;

1. Director of Research
2. Director of Advocacy
3. Director of Public Dissemination and Promotion
4. Director of Education and Capacity Building

An essential selection criteria for recruitment of these four positions is that each position should represent one of the four categories *women, dalit, janjati or madhesi* ensuring that four representatives from each group is included into the management. The fifth position Director of Administration and Finance can be a representative from any of these groups.

#### **4.1.6 Role of the Executive Director**

Executive Director will be a full timer and shall be a renowned expert on social inclusion with accredited publications. S/he will provide the day to day leadership in the functioning of the Foundation. S/he is also expected to provide leadership and vision to the Foundation at the highest level. S/he is nevertheless expected to work under the policy guidelines of the Social Inclusion Committee. S/he is expected to be a pivot around which the entire institution revolves. S/he is also expected to work as a link between the committee and the staff of the Foundation. The major functions of the Vice Chairperson are:

- To prepare periodic and annual program and budget;
- To execute approved program and budget;
- To provide leadership for day to day administration of the Foundation;
- To monitor the research activities and report about their progress to the committee;
- To prepare periodic and annual progress report; and
- To mobilize resources internally and externally.

#### **4.1.7 Sources of Funding**

The sources of funding for the Foundation will include:

- a. Government budgetary grants;
- b. Fees of the students
- c. Donor contributions
- d. Bilateral and multi-lateral foreign assistance;
- e. Any other sources.

#### **4.1.8 NPC as a Focal Agency**

The National Planning Commission will be focal agency for contact with Nepal Government. It will however have the right to work with any other line ministry and government agencies for specific needs. Social Inclusion is a subject that cuts across all the line ministries and hence, the NPC is a preferred option as a focal agency.

#### **4.1.9 Accounts, Audit and Rules and Regulation**

The SIRD Development Board will maintain its account in commercial bank and its account will be publicly audited by the office of the Auditor General of Nepal. Its account will be internally audited by a licensed professional auditor.

Draft Rules and Regulations for the SIRD Development Board is presented in Annex 3.

## **4.2 Core objectives of the Board**

The Act is created to address the issues of social inclusion in relation to certain defined communities and they are: *Women, Dalit, Adiwasi Janjati and Madhesi community*. The SIRD Development Board will have no mandate to engage in activities which relate to issues of social inclusion of other communities. The core objectives of the Foundation are as follows:

- To identify the problems and causes of political, economic and social discrimination and find solutions to those problems;
- To make available the findings of research to concerned government and non-government bodies

- Bring those issues in public discussion and take necessary steps to incorporate those research findings in policies and programs of the government.
- Enhancing research capability of target group through training and apprenticeship;
- To pursue research, advocacy, publicity activities;
- To assist Nepal Government in developing social inclusion policies and programs; and
- To provide higher degree education on social inclusion and recognize the degrees awarded by those communities in indigenous skills and knowledge.

### 4.3 Estimated Cost and Financial Sustainability

The existing research fund has been funded by the Royal Norwegian Embassy with a total grant of NOK 15. 2 million (NRs. 18,24,00,000) to be expended within the three years of the interim duration of the project, 7.5 % of which included administrative costs borne by SNV. Of this total amount, about NOK 10 million shall be directly expensed for providing research grants, funding apprenticeship programmes, capacity building and dissemination activities by the end of the project duration. An estimated calculation of the fixed and operating expenses of running this foundation include:

	Details	Fixed Expenses (NRs)	Annual Expenses (NRs)
1	Initial Investment – Assets, equipment	4,560,000.00	N/A
2	Overhead Expenses ( Items 1+2+3+5+9)		1,897,200.00
3	Ongoing Expenses for programmes		2,404,000.00
4	Staff Salaries		5,893,800.00
5	Staff Benefit (Allowances)		3,807,000.00
<b>6</b>	<b>Total</b>	<b>4,560,000.00</b>	<b>14,002,000.00</b>

For details of the estimated expenses, please refer to Annex 4 & 5.

It is proposed that the fixed expenses for initial investment, the annual expenses for overhead and the annual staff salary (items 1, 2 and 4) be borne by the Government of Nepal, which will be a total of almost NRs. 1,23,51,000 – in words Nepali rupees one crore, twenty two lakhs per year. The funds for covering administrative expenses for running programmes and staff allowance/benefit, a total of NRs. 62,11,000 will have to be raised from alternative sources of funding. In addition, funding sources must be identified and approached for planned activities of the Foundation. Alternatively, the Foundation may also design activities (such as academic programmes as recommended earlier) that will provide viable sources of income to be channelled into running other activities.

In the process of institutionalisation of the research fund into an autonomous institution, the existing Interim Steering Committee (ISC) is expected to continue to its role until the Foundation is institutionalised with a functional Social Inclusion Committee. During this time, the ISC also needs to take an active role in promoting the proposed SIRF Development Board and soliciting with possible funding partners, including the government.