



"Sustainable Economic Development and Social Justice through Cooperatives"

1st National Cooperative Congress

Kathmandu, Nepal

25-27 March, 2014



International
Co-operative
Alliance

FIRST NATIONAL COOPERATIVE CONGRESS

FINAL REPORT

July 29, 2014

National Cooperative Federation of Nepal

Pulchok, Lalitpur, Nepal

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Final Report of First National Cooperative Congress

Publisher : National Cooperative Federation of Nepal
Pulchowk, Lalitpur, Nepal

Date : July 29, 2014

Copies : 500

Press : Sky Press, Bijulibazar, Kathmandu



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Acknowledgement

In the modern history of cooperative movement of Nepal, the First National Cooperative Congress was jointly organized by the National Cooperative Federation of Nepal (NCF/N) and the Nepal government from 25-27 March 2014.

To organize the historical event a main celebration committee and a steering committee formed by representatives of cooperatives at all levels, government representatives and concerned stakeholders had undertaken full responsibilities to achieve the objectives. The major objectives were to celebrate First National Cooperative Congress in a grand manner, to review the achievements of the cooperative movement, to study the position of the cooperative movement in the existing constitution to strengthen relation and coordination between the government and the cooperative sector, to identify problems in the cooperative sector and remedial measures for the improvement of cooperative sector etc. as a whole.

To effectively and successfully attain the objectives of the celebration committee, financial, physical, institutional, and moral supports required were adequately available from the Nepal government, cooperatives at all levels and other various organizations/agencies, technical supports from ICA, Geneva, ICA, New Delhi, other national agencies etc.

Full management support from the main celebration committee, steering committee, government and all the NCF staff members were available during the preparation and implementation of the Congress.

Very significant contributions available from the national and international cooperative delegates and their active participation are well-considered for the grand success of the overall programmes of the Congress.

To make necessary support available for the production of the final report I, sincerely thank all the NCF/N staff members.

Particularly, Cooperative Expert Mr. Surya Ratna Shakya who has been continuously rendering services in the interest of the Nepalese Cooperative Movement for more than five decades has made a lot of contributions to produce the final report of the Congress and who deserve for my sincere thanks for his invaluable efforts and contributions.

Keshav Prasad Badal
Chairman
National Cooperative Federation of Nepal.
Pulchowk, Lalitpur

July 11, 2014

Part I

Introductory Statement



1. Background

In view of the traditional practices of creating cooperation, among the farmers for having necessary labour and loan support, for meeting their farming purposes, and among the financially weak craftsmen and small business men through the establishment of small groups of people's informal trusts and organizations, for financing small loans and for meeting their investment were very much popular. Such practices are still existing in the countries of Asia like Nepal and gradually replaced by the introduction of modern type of cooperative system which was introduced by the Rochdale Equitable Pioneers Society set up in Manchester, England 170 years ago i.e. in the year of 1844.

In Nepal also such modern type of cooperative movement was initiated through the establishment of credit cooperative, known as the Bakhapur Credit Cooperative in Chitwan district of Nepal on April 2, 1956. The cooperative development is found to have been effectively flourished only after the enactment of the Cooperative Act, 1992 which is nationally and internationally recognized as the democratic one, and which has recognized cooperatives at all levels as independent and autonomous bodies. As a result, cooperatives/unions have been voluntarily and spontaneously formed by the people themselves. Various cooperatives/unions at different levels have been emerged in the areas of social and economic development such as savings and credit, dairy, vegetables and fruits, seed farming, tea, coffee, herbal, sugarcane, bee-farming, citrus (Junar) fish farming, consumer, electricity, health, communication etc. The present status of the cooperative development includes 29,526 primary cooperatives, 285 secondary level cooperatives, 17 central level cooperatives, 1 cooperative bank and 1 national level cooperative federation covering remote areas too and different classes of people-women, schedule cast, native people, madhesis etc. who have easy access to them (cooperatives).

With regard to their contributions it has been estimated that cooperative sector holds about 3 percent in the gross domestic product (GDP) of country and almost 18 percent in the financial sector and has paid attention to its contribution to the economic transformation, maintenance of social development, employment generation and poverty mitigation. In turn, it has been constitutionally recognized for the national economic development as the three pillar economic sectors (cooperative, government and private sectors) for the national economic development mentioned in the Interim Constitution of Nepal-2006.

The Nepalese Cooperative Movement has been associated with the International Cooperative Alliance (ICA) having its affiliation in 1997. Since then, it has been continuously playing active role in the activities of ICA. In accordance with the decision made by the United Nations (U.N.) 64th general assembly on December 2009 the International Cooperative Year-2012 was declared for its observance. In conformity with the U.N. decision of 64th General Assembly, ICA called upon entire cooperatives around the world to observe the International Cooperative Year. Accordingly, National Cooperative Federation of Nepal (NCF/N) has followed it. Other announcement of ICA is for the observance of the International Cooperative Decade starting from 2011 to 2020 by all its members throughout the world.

As announced by ICA, NCF/N in collaboration with the Ministry of Cooperatives and Poverty Alleviation, Government of Nepal, the National Cooperative Development Board (NCDB) and the Department of Cooperatives (DoC) organized the First National Cooperative Congress with the theme of "Sustainable



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Economic Development and Social Justice through Cooperatives" from 25-27 March, 2014 as one of the activities of the International Cooperative Decade aiming at creating awareness of cooperative identity with core cooperative values and principles, enhancing active participation of cooperative members, making cooperatives sustainable, formulating and refining appropriate legal framework and generating adequate capital for the productive investment in the interest of larger community. Nepal ever had such cooperative Congress in the history of Nepalese cooperative movement. It is, no doubt that it was the historical event held at Kathmandu in Nepal.

2. Objectives of the Congress

There were a number of objectives which were listed in the following.

- a) To review achievements of the Nepali cooperative movement.
- b) To study position of cooperative sector in the constitution of Nepal.
- c) To strengthen relation and develop coordination between government and cooperative development and stakeholders' agencies.
- d) To develop solidarity and common strong commitment among cooperatives/unions.
- e) To identify the common problems of cooperative sector and determine future direction, and
- f) To make cooperative business strong as envisaged by ICA's target within the International Cooperative Decade.

3. Approach

Approaches pursued in the National Cooperative Congress were below:

- a) Organization of Cooperative Rally
- b) Opening ceremonies
- c) Presentation of working papers by the resource persons with a group of panelists.
- d) Open floor discussion.

4. Proceedings

The Congress was carried out with the following proceedings listed below:

- a) Cooperative Rally
- b) Inaugural Session
- c) Working Sessions
 1. Presentation of working paper
 2. Comments by panelists
 3. Making open floor discussion
 4. Comments by Sessions' Chairpersons
 5. Closing Sessions
- d) Preparation of Report
 1. Introductory Statement under Part I
 2. Cooperative Rally and opening of Congress Part II
 3. Working Sessions under Part III



- a. Five segments of Indoor Session of First day.
- b. Seven segments of Indoor Session of Second day.
- c. Closing Session followed by.
 - Offering Token of Love
 - Conferring National Award of Appreciation

5. Major Activities of the Congress

The First National Cooperative Congress included two major activities- organization of cooperative rally and that of indoor cooperative sessions with 12 units and 2 opening ceremonies and 1 closing session.

6. Operation of the Congress's Programme Management

To conduct the overall programme of the First National Cooperative Congress, the following arrangements were made to look after the overall programme.

- a) A main celebration committee consisting 84 members represented by all the concerned agencies and cooperative experts were constituted to look after the policy framed for the implementation of the First National Cooperative Congress.
- b) A Steering Committee consisting of 19 members from among the members of the main Celebration Committee was also formed and was responsible, for the implementation of the policy and programme decided by the main Celebration Committee, and for carrying out necessary activities for the smooth operation of the overall programme of the Congress.

7. Participants of the Congress

The First National Cooperative Congress included national delegates represented by the various concerned agencies, higher officials of Ministry for Cooperatives and Poverty Alleviation, National Cooperative Development Board, Department of Cooperatives and cooperative experts and international delegates represented by ICA, U.K., Bangladesh, Bhutan, China, India, Malaysia, Nepal, South Korea and Sri-Lanka. The total numbers of participants of the Congress were 955.

8. Support

The First National Cooperative Congress became successful because of having physical, material, financial and moral supports received from several agencies, co-organizers and contributors listed below.

- a) Co-organizers
 - 1) Nepal Rastra Bank, Nepal (NRB/N)
 - 2) National Cooperative Bank (NCBN)
 - 3) GIZ Include
 - 4) Sustainable Access to Financial and Livelihood (SAFAL), Mercy Corps (UK aid)
 - 5) Protecting and Mainstreaming Informal Sector Safety Nets (PROMISE) funded by European Union (EU), UK aid and Mercy Corps
 - 6) YSEF
 - 7) Habitat for Humanity



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- 8) SAHARA Nepal (SACCOS)
- b) Contributors
 - 1) Prabhu Cooperative Service (Domestic Money Transfer)
 - 2) CEAPRED
 - 3) PAF, Nepal
 - 4) Civil SACCOS
 - 5) HELVETAS Nepal
 - 6) Sana Kisan Development Bank
 - 7) Youth and Small Entrepreneurs Self-employment Fund
 - 8) Good Neighbors International
 - 9) Cosys Software
 - 10) PlaNet Finance.

The above mentioned various supports made the Congress success.

9. Resource Persons

In view of the preparation and presentation of working papers on several important cooperative issues and necessary experts concerning the issues were identified for them. Resource persons (paper presentators) represented national and international experts. To run each session of the presentation of the working papers, convenors and panelists were also arranged. There were 12 resource persons mentioned in the following:

- a. Dr. Daman Prakash, Director, Rural Development and Management Center, India.
- b. Mr. Bijaya Raj Ghimire, Vice-Chairman, National Cooperative Federation of Nepal.
- c. Dr. Chan Ho Choi, Regional Director, ICA-AP, New Delhi, India.
- d. Dr. Laya Prasad Uprety, Professor, Central Department of Sociology/Anthropology, Tribhuvan University, Nepal.
- e. Dr. Xu Mingfeng, Division Chief of International Business of all China Federation of Supply and Marketing Cooperatives, People's Republic of China.
- f. Dr. Yuba Raj Khatiwada, Governor, Nepal Rastra Bank, Nepal.
- g. Mr. Suresh Pradhan, Joint Secretary, Ministry of Cooperatives and Poverty Alleviation, Nepal.
- h. Mr. Umesh Prasad Dhakal, Chartered Accountant, Nepal.
- i. Mr. Deependra Bahadur Kshetry, Former Vice-Chairman, National Planning Commission, Nepal.
- j. Dr. Hari Krishna Upadhyaya, Executive Chairman, Central for the Environmental and Agriculture Policy Research, Extension and Development(CEAPRED), Nepal.
- k. Mr. Kedar Neupane, Registrar, Department of Cooperatives, Nepal.
- l. Ms. Yamuna Ghale, Swiss Agency for Development and Cooperation, Embassy of Switzerland, Nepal.

10. Opening Sessions

In each session opening sessions also were arranged so that there might have been interaction between the session chairman, resource person, panelists, and delegates.



11. Publication and Preparation of the Congress's Report

At the advent of the programme of the First National Cooperative Congress a Souvenir containing messages from the Right Hon'ble Prime Minister, Mr. Sushil Koirala and Respectable ICA President Ms. Dame Poulaine Green and Foreword for acknowledgement expressed in the Souvenir by NCF/N Chairman Mr. Keshav Prasad Badal, 21 articles written by concerned subject matter writers, important events of cooperative movement in Nepal, recipients honoured and awarded by the National Cooperative Federation of Nepal and the statement of the ICA cooperative values and principles with 204 pages and Programme Details containing daily schedules, concept paper and 12 working papers prepared by the various concerned experts and were having 144 pages (See Annex-3).

12. Venue for the Congress's Programme

The programme of the First National Cooperative Congress took place in the National Stadium, Tripureshwor, Kathmandu, Nepal on March 25, 2014 and in the SoalteeCrowne Plaza, Kathmandu on March 26 and 27, 2014 (See Annex-1).

13. Recognition of Contributions

Some distinguished persons who were offered symbolic compliments for their contributions to make the event of the First National Cooperative Congress effective and the success of the Congress was the previous participation of the various high personalities- Right Hon'ble President Dr. Ram Baran Yadav, Right Hon'ble Prime Minister Mr. Sushil Koirala, ICA President Ms. Dame Pauline Green, Governor of Nepal Rastra Bank, Dr. Yuba Raj Khatriwada and other national and international guests/delegates.

14. Dr. Daman Prakash

Likewise, during the closing session of the programme Dr. Daman Prakash, Director, Rural Development and Management Centre, New Delhi, India who had made contributions invaluable to the progressive push towards professionalization in the Nepalese Cooperative Movement was offered the National Award of Appreciation by Right Hon'ble Prime Minister Mr. Sushil Koirala at the award ceremony organized by NCF/N in conjunction with the holding of the First National Cooperative Congress held in Hotel SoalteeCrowne Plaza, Kalimati, Kathmandu

13. Review of the First National Cooperative Congress

Upon completion of the total programme activities of the First National Cooperative Congress was thoroughly reviewed by the steering committee. In addition, general review was also supplemented in the same part.

15. Final Report

Final report of the First Cooperative Congress was prepared and circulated to the national and international organizations/agencies for their perusal.

Part II
Opening Ceremony
First National Cooperative Congress



1. Grand Cooperative Rally

On the occasion of the First National Cooperative Congress as per decision of its main committee organized a grand cooperative rally participating a large number of members of cooperatives at all levels, cooperative supporters national cooperative delegates of 72 districts out of 75 districts of the country coming from different parts of the country particularly, Bhaktapur, Dhading, Kathmandu, Kavrepalanchowk, Lalitpur and Nuwakot districts.



Cooperative Rally organized on the occasion of the First National Cooperative Congress

The processions were started coming from the several points of the districts. The participants were rallied in Kathmandu and moved around the Kathmandu cities. Each group of rally members with cultural attires, traditional decorated dresses, was holding ICA flags waving support to cooperatives, play cards printed slogans related to active participation in the cooperative financial sustainability, promise of cooperative values and principles, mobilization of capital and its production are and need for refined legal framework, and big and long banners. The participants of the rally also were playing musical instruments with classical dances and songs with sweet voice of attraction to the people.

2. Opening Ceremony of the First National Cooperative Congress

After completion of the procession moving around the cities, the masses with about 20,000 rallied and were gathered in the National Stadium, located in Tripureshor, Kathmandu and took part in an inaugural ceremony of the First National Cooperative Congress in the presence of distinguished guests-Right Hon'ble President, Dr. Ram Baran Yadav, ministers, advisors of NCF/N, ambassadors, foreign delegates representing Bangladesh, Bhutan, China, India, Malaysia, Nepal, South Korea, Sri Lanka, U.K., Japan, International Cooperative Alliance – Asia and the Pacific (ICA-AP).

Prior to begin the opening ceremony of the Congress, Right Hon'ble President Dr. Ram Baran Yadav hoisted,



Right Hon'ble President, Dr. Ram Baran Yadav inaugurating the First National Cooperative Congress at National Stadium, Kathmandu



the National Flag and other five groups of distinguished guests also made flap a bunch of balloons with seven colors in the sky as symbol of cooperatives pervading around the globe.

Mr. Lal Mani Joshi

At the opening ceremony of the Congress presided by Mr. Keshab Prasad Badal, Co-convenor of Main Celebration Committee and Chairman of NCF/N, addressing the chairman of the ceremony Right Hon'ble President, respected ICA President and distinguished, national and international guests and other all rally participants, secretary of the Ministry for Cooperatives and Poverty Alleviation, Mr. Lal Mani Joshi, on behalf of the Steering Committee of the Congress made a warm welcome all of them at the historical moment.

Secretary Mr. Joshi highlighted objectives of the Congress mentioning for strengthening overall cooperative development for developing solidarity and common strong commitment among cooperatives/unions at all levels, for making cooperatives and cooperative business strong as envisaged by ICA's target within the period of the Cooperative Decade.

"The government of Nepal has strongly recognized the cooperative economic sector among other government and private sectors as three pillar economy for the national economic development which has been provisioned in the Interim Constitution of Nepal-2006." Secretary Mr. Joshi added.

"The Nepal government has already issued and adopted the new Cooperative Development Policy-2012."

He also believed that the Congress would discuss a number of issues pertaining to the cooperative development and make necessary suggestions which could be very significant guidelines for the future cooperative development.

Mr. Joshi expressed his happiness that the gracious presence of Right Hon'ble President and full cooperation of other national and international distinguished cooperators and members of cooperatives at various levels had made this Congress a grand success.

Mr. Deepak Prakash Baskota

Mr. Baskota, Former Chairman, present Committee Member of NCF/N expressed with satisfaction, saying that the First National Cooperative Congress was a historical event one.

He continued saying, "Such Congress is taking place at every 5 year in India and Sri Lanka. They are considered as grand occasions which would provide significant direction for the future."

Former Chairman Mr. Baskota said that after the enactment of the Cooperative Act, 1992 the cooperative movement has taken a new trend. It has created challenges and opportunities before the nation.

"Some serious problems appear in front of cooperative movement. The government is making efforts to solve them through a commission formed" Mr. Baskota, Former Chairman said.

He stated that he was fully convinced that cooperative is an ultimate alternative to generate capital and creates employment for sustainable economy.

He also demanded that the cooperative should avail of proper place in the forthcoming constitution.



Mr. Lila Mani Poudel

On the same occasion Chief Secretary of the Nepal Government, Mr. Lila Mani Poudel congratulated the organizers of the Congress for the organization of historic event and expressed good wishes for its grand success.

Chief Secretary Mr. Poudel lamented, saying that the poor, labourer of Nepal and world who have survived with the income of less than 2 U.S. \$. He also said that people suffered from poverty are to be freed by giving quality-based access to economic opportunity.

Chief Secretary, Mr. Poudel explained that cooperative is a medium for the mobilization of capital and other means of production in a central point.

He added that "one member one cooperative" is to be based. Cooperative must be indispensable for an individual person when he selects it. It must be a door for his prosperity.

"The Congress must get suggestion how migrant labour could be utilized within the country itself." advised Chief Secretary Mr. Poudel.

Dr. Ram Saran Mahat

In course of addresses by the speakers, Minister for Finance Dr. Ram Saran Mahat explained, highlighting that the history of cooperative in Nepal was old but after the advent of democracy i.e. 1992 the democratic government could develop the cooperative movement in a new trend based on universally accepted cooperative values and principles.

Finance Minister, Dr. Mahat said, "Cooperatives have been established not only in the financial sector but in other areas of production and services."

Finance Minister, Dr. Mahat was of his opinion "Cooperatives are operated on the basis of mutual and cooperation and togetherness, adding that cooperatives are suitable instrument for small saving people and entrepreneurs."

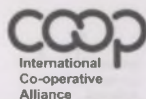
He stated, "Tax free and income tax exemption received by cooperatives are incentives given by the government."

"Transparency and responsibility are provisions mentioned in the law, small savings people have received support but troubled cooperatives have appeared now." Minister Dr. Mahat remarked.

Dr. Mahesh Acharya

On the occasion of the opening ceremony, one of the advisors of NCF/N and Minister Dr. Mahesh Acharya expressed his view that democracy which is the main reason behind for bringing cooperative movement at this high level of development.

"All the aspects of cooperative development include various aspect of development. In 1992 the decision made by the then government has caused from 830 cooperatives to the tremendous increase of number of cooperatives. Such growth makes contribution not only to the economic sector but also to overcome radicalism and conflict", Dr. Acharya continued saying. "In accordance with ICA charter the cooperative



movement must be advanced. The credit of well formulating the Cooperative Act, 1992 goes to the then democratic government.”

Dr. Acharya, NCF/N's advisor was of the view, “Since the cooperative movement is a democratic one it has obtained the membership of international organizations. Today the organization of this Congress has been possible openly.”

He made a suggestion that although the number of poor people/percentage of poverty is gradually declining, cooperatives must reach their access to the places where poverty exists. Expressing his good wishes he added that cooperatives may have an access to economic, social and human development.

Mr. Bharat Mohan Adhikari

Likewise, Mr. Bharat Mohan Adhikari, Former Deputy Prime Minister and NCF/N advisor expressed good wishes for the success of the First National Cooperative Congress amid the large gathering of the cooperators.

Former Deputy Prime Minister Mr. Adhikari opined that the cooperative movement launched in 57 years ago has taken a shape as a real peaceful revolution because more than 5 million people have been associated with it.

Informing audience Former Deputy Prime Minister Mr. Adhikari said that this time has become a stage for the formulation of the constitution.

"In the forthcoming new constitution it is necessary to incorporate the role of cooperative for the progress and prosperity of the country's people. Activities are to be carried out for the purpose of increasing production through the agricultural cooperatives and mitigating the poverty by way of organizing poor people in the agricultural sector" former Deputy Prime Minister stated.

He also urged the government of Nepal to form a foundation for export and import growth and promotion through cooperative system.

Ms. Dame Pouline Green

Addressing Right Hon'ble President of Nepal Dr. Ram Baran Yadav and fellow cooperators, ICA President Dame Pouline Green extended warm greetings to them for organizing the First National Cooperative Congress in Nepal.

She expressed her delight to be present on the occasion of the opening ceremony of the Congress and to participate in the overall programme of the Congress.

"Such event of the Congress helps to bring solidarity among the cooperators and other people" said ICA President Ms. Green.



Speech delivered by ICA President Ms. Dame Pouline Green during the inauguration session of the First National Cooperative Congress at National Stadium, Kathmandu



Reminding the cooperative decade (2011-2020) ICA president Ms. Green spoke that cooperative enterprises have been moving forward fastest and strongly seen.

She expressed that the Nepal government's cooperative friendly strong commitment is strongly commendable.

"Through cooperatives we can make the world better place to live" very confidently said President Ms. Green.

Informing the audience and the same occasion of the big masses of cooperators gathered ICA President Ms. Green said that more than one billion people joined the cooperatives in order to uplift members of their families.

Dr. Babu Ram Bhattarai

Former Prime Minister and NCF/N advisor Dr. Babu Ram Bhattarai extended good wishes for the success of the First National Cooperative Congress.

NCF/N advisor Dr. Bhattarai was of his view that the International Cooperative Year and International Cooperative Decade were found to have been very important for the further development of global cooperative movement.

"Nepal in relation to the cooperative development has entered from one phase to another phase. Cooperatives must be a medium from the big industrial economy to small produces for the economic development of both the sectors.

Dr. Bhattarai claimed, saying "The Ministry of Cooperatives and Poverty Alleviation was established during the period of his premiership, and that hence he felt proud for this. It is necessary to make it further strong and effective." Advisor Dr. Bhattarai made a remark that during the last phase cooperatives have emerged very intensively but limited in the areas of savings and credit cooperatives and suggested that an attention must be paid on production as well as distribution too.

"Cooperatives are found to have been limited and they must be accessible to the women and backward/disadvantaged classes. To enhance social and economic development model the Nepalese cooperative sector must keep close contact." said advisor Dr. Bhattarai.

Dr. Ram Baran Yadav

Right Hon'bel President Dr. Ram Baran Yadav delivered a speech on the occasion of inaugural ceremony of The First National Cooperative Congress in a large gathering in the National Stadium, Kathmandu and said in the following:

"I would like to thank the organizers on the occasion of the beginning of the First National Cooperative Congress to be held for the first time with theme- "Sustainable Economic Development and Social justice through Cooperatives."

"The cooperative sector adopted by the Interim Constitution of Nepal-2006 as one of the three pillars of the National economy can play a vital role in the activities of enhancing the rural economic development and reducing poverty as it's confirmed"



Delivering Inaugural Speech by Right Hon'ble President, Dr. Rambaran Yadav on the occasion of the First National Cooperative Congress at National Stadium, Kathmandu

"As I have understood, specially, after 1992, in the democratic environment the cooperative sector has made a lot of progresses in quantitative form."

"I have received information that cooperatives have been contributing support to the rural economy by rendering services to the areas-agriculture, education, health, industry, tourism, communication and energy."

"Likewise, employment generation, resource mobilization and income generation activities have been carried out by doing trade and business."

"I have been delighted to hear that in the cooperative sector millions of people have participated and at the sametime women's participation has taken place in noticeable number."

"As I understand many challenges in qualitative sense have appeared in the development of the Nepalese cooperative sector. Means of numerous mass medias have been making many issues public about the misleading activities of a number of cooperatives. If they are true, black spot can be marked in cooperative values, principles in norms, people's confidence can be lost in the cooperative sector. Due to the reason the creation of obstacle can appear in the cooperative development. I feel very necessary to pay an attention that the concerned agencies to immediately stop the misleading activities by making proper investigation and disclosing the truth and facts about the issues."

"It is necessary to make this sector effective in order to maintain international cooperative values; principles and through the arrangement of proper, transparent, clean important and strong regulatory agency. Accordingly, it also appears that it is necessary to contemporarily refine the existing laws."

"When the capital and investment being mobilized and are an operation covered by the cooperatives are to be considered, I would like to request the government and cooperative sector for paying special attention to their sustainable development and qualitative improvement."

"It is necessary that in Nepal the cooperative sector has to play a leading role to join rural economy with the urban, to enhance self-reliant economy by focusing on agricultural production, to develop agro-based industries by collecting capitals scattered in the rural areas and mobilizing it to make contribution to poverty alleviation by extending the tourism sector to the rural sector and to develop and promote small and domestic industries by collaborating with the private sector."

"The Ministry of Cooperatives and Poverty Alleviation has been established just in the last year. I have realized that it is necessary to develop capable and strong agency which can play a role in the cooperative development sector and poverty alleviation through cooperatives by making its organizational structures. Creating necessary skilled manpower and allocating proper role."



“If poverty alleviation programmes being launched by different separate agencies could be mobilized through the one door policy and target-centered programme could be operated the inclusive development could be made by reducing different between rich and poor. In this regard, the government has to pay serious attention.”

“In conclusion I would like to express my good wishes that the Congress may succeed for giving concrete suggestions while making contributions to the activity which promotes the committed member centered business based on community and international cooperative values and principles which fulfill economic, social and cultural needs of society and while increasing contributions of cooperative sector, day by day to the activity which specially raises the rural economy of Nepal.”

“I would conclude my speech with the belief that the national and international experiences presented in the Congress will benefit the cooperative sector of Nepal.”

Mr. Keshab Prasad Badal

Speaking from the chair of the First National Cooperative Congress's opening ceremony Co-convenor and NCF/N Chairman Mr. Keshav Prasad Badal on behalf of the organizers and co-organizers expressed hearty gratitude and most honoured guest- Right Hon'ble President Dr. Ram Baran Yadav, Honorable Members, Ministers, Former Prime Minister, Former Deputy Prime Minister, distinguished persons, ICA President, Chairman of ACCI and other guests, fellow cooperator, government officials, security officials, NCF/N's committee members, press media representatives.

Chairman, Mr. Badal said that the First National Cooperative Congress which was organized with great enthusiasm and rejoice for the first time in the history of the Nepalese Cooperative Movement had been also successful because of gracious presences of Right Hon'ble President, ministers, former Finance Ministers, ICA President, ACCI Chairman, Ministry of Cooperatives and Poverty Alleviation, and other high level officials, NCDB's high officials, DOC's high officials, cooperators etc.

Chairman, Mr. Badal stated that in Nepal Democracy reestablished in 1989 and 2006 but it did come for the people in the real sense. Now this country must move forward for the economic prosperity on the basis of the cooperatives by making economic agenda, and mobilizing scattered labour, skill, and capital.

“The remittance earned by the migrants may not pull-on and meet the country's economic needs”, he expressed concern.

NCF/N chairman Mr. Badal made a request to the Nepal government that more 37 Division Cooperative Offices be established in each district.

"During the next two day programme the working papers related to the contemporary issues will be presented. They will enlighten the cooperators/participants of the Congress" Mr. Badal, NCF/N stated.

Chairman, Mr. Badal once again extended a lot of thanks to all the honoured guests especially Right Hon'ble President, Honorable ministers and distinguished former prime minister, Dy Prime Minister and ministers, chief secretary, secretary of Ministry of Cooperative and Poverty Alleviation, ICA Chairperson, ACCI Chairperson, Journalist, high officials of the concerned stakeholders and cooperator, Security officials, military and police officials and other cooperative supporters for their gracious presence.



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NCF/N Chairman, Mr. Badal presented a token of love to all the distinguished guests at the end of the opening ceremony held in the National Stadium, Kathmandu, Nepal.



Group photo taken just after the opening ceremony of the First National Cooperative Congress at National Stadium, Kathmandu



A participants' view of the cooperative rally gathered at National Stadium, Kathmandu during the opening ceremony of the First National Cooperative Congress

Part III
Indoor Working Sessions



Opening Ceremony of the Indoor Working Sessions

Finance Minister Dr. Ram Saran Mahat inaugurated the two-day working sessions held at Hotel Soltee Crowne Plaza, Kathmandu on March 26 2014. Opening the ceremony by lightening the seven-colour candles in the presence of large national and international delegates of the First National Cooperative Congress took place.

Opening the ceremony Finance Minister Mr. Mahat said that cooperative is a movement to ensure the formation of a just human society.

"Cooperatives are run voluntarily by the people themselves. Politics is concerned with their policies. During the time of emergency, when banks were closed from the rural areas cooperatives had sustained their existence and people did not feel lack of banks. Since the cooperative with common in the objectives it has become successful to be sustainable." Finance Minister Dr. Mahat said.

"Cooperatives stand among the low income group of people. They are enterprises of rural income holders with common interest. Unity and upliftment of cooperative economy are two major objectives focusing on a main goal of "one for all and all for one" said Finance Minister, Dr. Mahat.

"Since cooperatives belonging to the small income holders and remain in the low scale-financial position, big business men or banks may attempt to make them collapsed." Therefore, they must take precaution for protecting their position." Dr. Mahat added.

Finance Minister Dr. Mahat Said, "Perversion has been seen in cooperative activities it is necessary to protect cooperatives from it. Since the saving amounts are in risk, to control such risk certain mechanism could be devised."

Dr. Mahat clarified, saying that the cooperative in rural areas need not pay tax. Cooperatives in the urban area particulars are required to pay tax with in timeframe stipulated in the tax provision.

"Adequate investment for the poverty alleviation and agricultural development is necessary in order to achieve the objectives of cooperatives. In this regard misplay of the middleman is found. Cooperatives must pay keen attention on such misplay" Dr. Mahat warned.

Pointing out the need and importance of cooperative, Dr. Mahat stated that there must be cooperatives with a view to facilitating the facilities to both production and consumers. In the same way, investment for the enhancement of small industries and cottage industries is required for the purpose of attaining objectives of cooperatives.



Opening Indoor Sessions of the First National Cooperative Congress by Hon'ble Finance Minister, Dr. Ram Sharan Mahat at Hotel Soaltee Crown Plaza, Kathmandu



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Dr. Mahat felt that there would be a wide and comprehensive discussions among the participants of the Congress. He hoped that discussion would help to make progress in the areas of poverty alleviation and agricultural development.

Assuring the encouragement Dr. Mahat classified that the government only encourages cooperatives for their activities so that cooperatives may advance standing on their own efforts.

On the same occasion ICA President Dame Pauling Green expressed good wishes for the success of the First National Cooperative Congress.

ICA President Ms. Green explained that more than one billion members have been associated with the cooperative movement in the world. She displayed a photo with a scene of climbing Mount Everest by Mr. Shiva Kumar Dangi, General Secretary of Nepal Information and Communication Central Cooperative Union and expressed high appreciation of his adventurous life with ICA flag for the sake of heightening not only Nepalese Cooperative Movement but global cooperative movement during the International Cooperative Year and International Cooperative Decade.

Presenting her effort ICA President Ms. Green put an idea in the platform in US, China and other countries urging the need of global cooperatives. ICA have prepared a Blue Print for a cooperative decade, mentioning main key points— individuals' participations, eco-social environmental sustainability, cooperative identity, legal frame-work, and access to reliable capital. Food and Agriculture Organization (FAO) and International Labor Organization (ILO) are fully committed to influence over the global community to implement the target of the International Cooperative Decade, to work together for promoting agricultural economy at the local level.

ICA President Ms. Green stated that cooperative logo has been established as a license to ensure global business with a beneficial signal.

On the occasion of the opening ceremony of the second day Mr. Lal Mani Joshi, Secretary, Ministry of Cooperatives and Poverty Alleviation welcomed Hon'ble Finance Minister Dr. Ram Saran Mahat and other distinguished guests and delegates of the Congress.

Highlighting cooperative development Mr. Joshi stated that at present the cooperative movement has been moving forward with more their quantitative growth than with qualitative growth. This has created problems which are expected to have been discussed in the Congress.

Once again Mr. Joshi extended thanks to Finance Minister Dr. Mahat, national and international guests and participants.

Co-convenor and NCF/N Chairman, Mr. Keshav Prasad Badal expressed delight that Finance Minister Dr. Mahat was kind enough to open the today Congress's Indoor Sessions held Hotel Soltee Crowne Plaza and ICA President Ms. Green participated in the Congress, and other foreign guests also attended the Congress and other national guests showed their active participation in the Congress.

Speaking from the chair, Mr. Badal informed that there are a large number of cooperative executive members who have been developing the activities of cooperatives at all levels as volunteers. He was of his opinion that if they were recognized, the country would be on the way of prosperity.



NCF/N Chairman Mr. Badal said that serious distortions were experienced by their victims/sufferers who uttered an extreme demand before the government to solve the problems distorted through the remedial measures.

"The needs of government intervention by the sufferers of distortion were misinterpreted in such a way that the government intended to remove cooperatives. Some perverted persons were behind this." clarified NCF/N Chairman Mr. Badal.

"Still there are a number of cooperatives which have not taken Permanent Account Number (PAN) and left behind getting it. NCF/N has requested the government to extend much time for it."

He also called those cooperatives, which have not taken it, to a play for getting it as soon as possible.

NCF/N Chairman Mr. Badal cited examples, saying that in India cooperatives were being providing much incentives/facilities but such practices were not found in Nepal. He also added that the Sri Lanka Cooperative movement was also successful altogether though much violence took place there and the people's standard was found to have been raised. This may be a lesson for Nepal.

Mr. Badal was of his view that there have been serious difficulties in the remote areas for the registration of cooperatives. It was necessary to make it easy. Even in the 14 zones training centers have been required to be set up. Since the activities of the Ministry of Cooperatives and Poverty Alleviation are found limited, its role must be extended.

NCF/N Chairman Mr. Badal was of his opinion, "The tax on cooperative was not imposed till the year 2000, the rate by in the same tax for cooperatives was 20 percent and such tax is exempted in the rural areas. It is also necessary that the tax must be effective in the irrespective of the area."

Before making conclusion of the opening ceremony, Mr. Badal one again thanked Finance Minister Dr. Mahat, ICA President Ms. Green, Secretary of Ministry for Cooperatives and Poverty Alleviation, ICA-AP Regional Director Dr. Chan Ho Choi, Governor of Nepal Rastra Bank Dr. Yub Raj Khatiwada and other national and international guests and Congress's delegates and announced to close it with applause.

1) Resource Person

Dr. Daman Prakash, Director, Rural Development and Management, New Delhi, India

2) Chairperson

3) Panelists

Part IV-1

First Segment of the Working Session of the First Day

Working Paper on:

"Evolving a Good Business Model to enhance Members' Socio-economic Welfare"

Resource Person:

Dr. Daman Prakash, Director, Rural Development and Management, New Delhi, India





1) Resource Person

Dr. Daman Prakash, Director, Rural Development and Management, New Delhi, India

2) Chairperson

Mr. Lila Mani Poudel, Chief Secretary, Nepal Government

3) Panelists

- a. Prof. Dr. Bishwambher Pyakuryal, Former Member, National Planning Commission, Nepal (NPC/N).
- b. Mr. Aruna Paul, Country Director, Habitat for Humanity

Dr. Prakash related the story of cooperatives during his childhood and saying he had learnt "Cooperative" as rural. He joined the International Cooperative Alliance and visited the National Cooperative Federation of Nepal long back.

Dr. Prakash said that during the time of the Indian Cooperative Congress held in Bangalore, India long back then was a question what was the government role in the cooperative development?

He found that participants had divergent views on roles of government and cooperatives introducing cooperative business enterprises Dr. Prakash explained, "Cooperative institution unique business enterprises which respond effectively not only to meet members' needs and aspirations but also to create a reasonably viable niche in the market place".

"Cooperative institutions are not a more solace/relief to lend many-to the members who are in need for economic support to carry out their business".

"Cooperatives in various places have improved members' socio-economic conditions and have proved to the world that by application of new and improved method of doing business to face competition not only in their respective countries but also in world market. Some of the indication of such efforts have been highlighted by a recent global 300 cooperative study carried out ICA." Dr. Prakash claimed.

"Within the Asia-Pacific Region there are reasonably sound examples of methods adopted to make cooperative enterprises strong and viable. They have also developed various techniques to strengthen cooperative member business relationship" examples of good business models. Some lessons from them can be drawn for the use of other countries and cooperative movements." While presenting 170 year of history of the cooperative movement Dr. Prakash added that within the period various models of doing business were carried out whether it was Rochdale or within the farmers organizations in US or in Germany or elsewhere in the different part of the world.

Dr. Prakash stated that in various model of business applied emphasis was no improving the lot of members and making their cooperatives capable to deliver efficient services.

"In the present context of today cooperatives are collaboratively owned by their members who control the enterprise in a democratic manner. This means that decision made in cooperative are balanced between the pursuit of profit or needs of members and their communities. Almost all cooperatives observe the ICA cooperative principles which emphasize on member owned and member driven democratically managed cooperatives." said Dr. Prakash. He explained, saying "cooperative business is formed and operated to meet the need of its members and cooperative average the buying power of membership to purchase products or services. They must operate business in many ways like a regular business to be successful."



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Dr. Prakash said that the advantages of cooperative business derive from its structure and democratic model of governance.

"Community creates cooperatives in situation its members get together to form a cooperatives enterprise as socio-economic legal member owned enterprise which offers its services to them and even non-members." Dr. Prakash added.

He further stated, "The range of services can be broad depending upon the type of business carried out by the cooperatives. Such services offered to members cover- production, marketing, input supplies, credit, guidance/information etc. as desired by them."

"Members desires emerge out of the discussions held during the general assembly meeting of members. They are converted into plan of action by the managing committee and are implemented through a well-established organizational and administrative structure." added Dr. Prakash.

"A cooperative is mere service provider. Its members are real owners who are the boss."

"Members are both- producers and consumers. They have their own performance and expect reasonable returns on their products and reasonable prices for goods they purchase from the cooperative. They also expect a high quality of goods and services," he stated.

Dr. Prakash highlighted the financial situation of the member of cooperative as saying "cooperative members have limited means and resources especially in many of the Asian countries. In many cases they do not have enough or spare many for investment anywhere. As an example their cooperative is the main supplier of credit. The main purpose of a cooperative is to strengthen economic and social status of its members by providing credit and other services. To run its cooperative capital investment is required. Its members purchase shares to create a capital base for their cooperatives on the strength of which external funds are raised."

Dr. Prakash also elaborated and was saying, "Main services of a cooperative are- credit, marketing (processing, warehousing, shipment etc.), inputs supplies and guidance (education, training and extension including transport of technology)."

"Higher technology, efficient services and transparency in business management are the key factors in improving the business and in retaining the interest of members in their cooperative." he added.

Highlighting the cooperative business member Dr. Prakash very clearly stated, "Cooperatives offer an alternative- a business model in which no one benefits at the expense of others. Such model builds a community rather than drains its resources. The owners of any type of business provide capital, in return they expect some control and some return on their investment."

"Credit cooperatives have all over the world been the significant institutions which support the largest chunk of population in developing countries" he presented.

As other model he presented and said, "Agricultural cooperatives deal with production and marketing including processing. They are the major users of external credit"

"Other models of cooperatives housing, fisheries and manufacturing need more funding and higher technology. But no doubt they carry out their business operation on traditional lines and manufacturing" said Dr. Prakash.



Dr. Prakash added, "In the recent times cooperatives management and member relations style have undergone a sea change. In other words they have been affected by a wave of changes in the business management. According to innovations and new business model have been adopted."

"Cooperative business model includes three case elements- (1) the values and principles of cooperative, (2) member based structure of the business undertaken by the cooperative enterprise, and (3) the business processes relevant to the type of industry in which the cooperative operates." Dr. Prakash mentioned as saying.

"The combination of these three elements results into a competitive advantage. Such a combination raises the level of strength of the cooperative enterprise in the face of open market operators".

"The cooperative business distributes its profit among all the members while it is not the case with the private business operators. Such phenomenon helps retain the loyalty of members."

"The members' loyalty factor linked together with member participation in business and organizational matters accelerate the process of innovations in business." Dr. Prakash elaborated.

Presenting examples of some successful business models Dr. Prakash was saying the great transformation in the cooperative business world has taken place. Some interesting and more Asia-related models would be of some interest. Business model were found to have different form place to place.

While making presentation of the Japanese model of cooperatives Dr. Prakash said, "Within the Japanese cooperative movement specially the agricultural cooperative sector, the joint use concept is prevalent and widely used to the advantage of both cooperatives and their members. This helps to make the highly fragmented and small size of farm land economical. It is also applied in varying degree and in various activities- such as joint purchasing of inputs, joint marketing of products which includes warehousing, shipment and auctioning. Such structured system has helped to create collective 'bargaining power' of farmers. Individual farmers need not purchase farm machine, testing of land, storage of products, production of fertilizer and distributions."

Dr. Prakash added, saying, "Agricultural cooperatives involve farmers and their families (especially women farmers) in handling local products, converting fruits and vegetables in other farms and marketing them. They also involve youth in promoting family farm business through the cooperatives."

He also was of his opinion that the model of doing business in cooperative way is of great relevance and advantage to farmers in countries like Nepal and India.

Dr. Prakash presented another model of doing business in a cooperative way as the "one village one product" concept. He spoke on the concept that local products are handled, processed and marketed through the platform of their cooperative, and that the handling of locally available products are done by a group of farmers generally under the guidance of their local cooperatives.

Informing the concept of "one village one product" Dr. Prakash added that it has picked up steam (spirit) in various South-East Asian countries especially in Thailand.

Dr. Prakash cited other business models which have been used from the consumer cooperatives such as in Nepal, India, Thailand, Myanmar, etc. where consumer cooperatives assign the women members giving a design of a product so that women members may enable them to produce in different quantities with adequate credit facilities/funds provided by the cooperative channels and market them through cooperatives.



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He further added the concept, saying that goods such as- spices, sweets, local cakes, roasted grains, children cloths, handicraft articles etc. are provided by the women in groups and are sold through their cooperatives.

Dr. Prakash said that the concept which involves women, benefits women members and the consumer cooperative.

Giving other models involving in different activities of production/services Dr. Prakash said that in service other countries cooperative have set up their own production facilities- small household electrical items, shoes, handicrafts, catering services which are marketed through cooperative platforms.

"Cooperative which makes profit out of business/service activities establishes social welfare activities- healthcare, insurance, medical old age homes, sanitation, better living activities (Survey of Agriculture cooperatives members 'health condition, health education, health promotion, health test, health awareness and measure against the accident of agriculture labours')", added Dr. Prakash.

He said that a number of lessons inform the cooperative business model.

"The cooperative model is an alternative business model to the current one. It responds to the needs of all stakeholders, employee, customers, suppliers and local community, the environment and further generations and investors." added Dr. Prakash.

"The cooperative business model empowers that small scale producers, and in term of decision-making which is based on one man one vote."

"A good business model should strengthen members and their cooperatives and be in a position to complete with private enterprise, still observing fair and ethical business practices." Dr. Prakash was of his strong opinion

Making comments on Dr. Daman's Working Paper by Panelist and NCB Advisor, Prof. Bishwambher Pyakurel,

"Dr Daman Prakash's varieties of cooperative business model is worth replicable by other cooperatives which have been carrying out the several types of agricultural activities in order to provide multifarious agricultural support to the farmer members" Prof. Pyakurel made comments with appreciation of Dr. Prakash's paper.

Highlighting the current monetary status Prof. Pyakurel said that today the monetary policy has not been able to control the inflation situation. General people's living conditions are found to have been critical.

As Dr. Prakash presented a number of alternatives for cooperative business models as mentioned in his own paper. Prof. Pyakurel referred that each model is related to some economic parameters- capital, investment, labour, technology.

"With these combination result into production. Even production is based on the commodity. In fact capital hires labour whereas labour hires capital. The farmer produce capitalist and the later creates cooperative. Cooperative business model has not intended to create capitalist rather has aimed to produce cooperative business model which meets the needs of members of cooperatives."

Prof. Pyakurel highlighted, saying, "Cooperative business model adopts the bottom to top approach, cooperative is a business enterprises belongs to its members who invest capital as share in the own cooperative which also reinvests it to them."



He also preferred cooperative economic control, cooperative economic model with social service base model to public private partnership and stressed on needs of umbrella organization with legal base.

Prof. Pyakurel expressed that all depend upon their interest to get profit out of which they have taken risk.

Prof. Pyakurel also has put emphasis since NCF/N is an apex body of cooperatives at all levels, is required to lobby to incorporate cooperative economy in the forth-coming constitution of Nepal and to make suitable provisions in the laws on cooperative economy to be reenacted.

Other Panelist Mr. Arun Paul was making comment on the working paper presented by Dr. Prakash.

"The paper presented by Dr. Prakash was very interesting and impressive. It was also quite useful for the cooperatives which are interested to adopt cooperative business models." Mr. Paul expressed.

Mr. Paul said that cooperative is very beneficial for its members and general people who could meet the needs of their lives and their comfort.

He added that many people felt that cooperative function for charity and is not for charity which will make dependent and while it will make their members self-reliant.

"When cooperative makes profit out of its business enterprise activities, it would adopt equal distribution policy based on social justice." Mr. Paul explained.

Mr. Paul stressed that cooperative pays an attention on quantity and quality of its production and distributes to its members without any discrimination. Citing a case on credit distribution in Nigeria Mr. Paul said that 72 percent of people borrowed loan from their cooperatives. He also added that cooperative members felt their economic security.

Mr. Paul claimed that cooperative member felt that there was a soul unity, harmony and solidarity among its member and there was a positive social impact in the community.

Open Floor Discussion

While a member of participants raised several questions on Dr. Prakash's presentation paper and comments by the panelists.

Questions

1. Mr. Tulshi Sapkota
 - How is the structure of cooperative bank in India?
2. Ms. Muna K.C.
 - How is the India government view to look at the cooperatives?
3. Mr. Govinda Rimal, Gaiindakot, Nawalparasi
 - How can the reward and punishment be made?
4. Mr. Suresh Raj Bhandari
 - Since there is no tax exemption in Nepal, how is the tax exemption in other countries?
5. Mr. Ram Bilash Dehati, Parsa
 - How is the cooperative service or business?



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6. Ms. Ritu Giri, Chitwan
 - How does the corruption exist in cooperative?
 - How can it be controlled?
7. Ms. Pratibha Subedi
 - Why did the paper presenter not give examples of Nepal?
 - Why were good examples not given?
8. Mr. Rishi Baral
 - What can India offer support to the Nepalese agricultural development?

Dr. Prakash precisely replied the answers to the questions raised by the participants.

"I had been in Nepal when the National Cooperative Development Board was established. I was aware of the cooperative movement in Nepal. I had presented a number of cooperative business models out of them, I developed some models based on experiences and gained not in India and other countries but in Nepal." Dr. Prakash responded.

Dr. Prakash gave the reply of a question that referred to the articles on rural cooperative banks written by Mr. Bhima Subramaniam, Managing Director of National Federation of State Cooperative Bank (NAFSCOB) of India. As Mr. Subramaniam has explained that in India the structure of the cooperative bank was found to be district cooperative bank and state bank as two levels of structure so far.

Dr. Prakash said that 97th amendment of the Indian Constitution (2011) has clearly mentioned cooperative right as a fundamental right in the Indian Constitution. While the Interim Constitution of Nepal 2006 has also stipulated a provision that the state will adopt the policy for the country's economic development through the cooperative, public and private sector. This is very positive for the cooperative development for Nepal.

Dr. Prakash replied the other question that corruption was prevalent in cooperatives could badly affect the cooperative activities as a whole. He also mentioned the bilateral relations between India and Nepal in the field of training, education and study visit programmes were taking place for some years.

Prof. Pyakurel, a panelist responded to a question that the working paper presented was prepared on the basis of the environment of the Nepalese cooperative movement through the country was not specifically mentioned.

Mr. Arun Paul made a response to the question that charity made people dependent whereas the cooperative made them self-reliant. He added that if a cooperative made any profit, it would be distributed to its members as social justice.

From the chair of the working session of the first indoor session of the first day Mr. Badal thanked Dr. Prakash who had presented a number of cooperative business models which could be adopted as suited and other panelists and audience who had shown cooperation by making comments and asking questions and listening very patiently.

1) Resource Person

Mr. Bijay Raj Ghimire, Vice-chairman, NCF/N

2) Chairperson

Panelists

Part IV-2

Second Segment of the Working Session of the First Day

Inaugurating the presentation of his working paper, Mr. Ghimire expressed happiness to be with all the national and foreign delegates for the presentation of his paper in this august gathering. He also thanked the organizers who gave him an opportunity to present his working paper.

Working Paper on:

"Nepalese Cooperative Movement: Vision for 2020 A.D."

Resource Person:

Mr. Bijay Raj Ghimire, Vice-chairman, NCF/N



Mr. Ghimire pleaded with his impression, stating that since the cooperative movement is based on the basis of its values, norms and principles in a disciplined manner, its growth has been gradually enhancing every day.

He stated that in this cooperative movement more than 100 million people are involved and it has been successful that it has given employment of more than 100 million people.

He continued that there is a result of its encouraging development the United Nations (UN) had declared an International Cooperative Year-2012 with the theme of "The Cooperative Enterprises Build a Better World" it was observed for the whole year of 2012 in Nepal also.

Mr. Ghimire summarized the cooperative movement in Nepal saying, "In the context of Nepal many traditional systems - religious trust, panna (mutual cooperation) and various kind of group etc. are found to have been in practice in the Nepal society in the context of Nepal, in the year of 1956 modern type of cooperative movement started with the establishment



1) Resource Person

Mr. Bijay Raj Ghimire, Vice-chairman, NCF/N

2) Chairperson

Mr. Krishna Hari Baskota, Secretary, Office of the Prime Minister & Council of Ministers

3) Panelists

- a. Mr. Deepak Prakash Baskota, Former Chairman, NCF/N
- b. Mr. Sudharshan Prasad Dhakal, Director General, Department of Transport Management

Under the chairmanship of second segment of the working session of the first day held in Soaltee Crowne Plaza Mr. Krishna Hari Baskota introduced Mr. Bijaya Raj Ghimire, Vice-chairman of NCF/N and other two panelists Mr. Deepak Prakash Baskota, Former Chairman, NCF/N and other panelist Mr. Sudarshan Dhakal, Director General of the Department of Transport Management.

Initiating the presentation of his working paper, Mr. Ghimire expressed happiness to be with all the national and foreign delegates for the presentation of his paper in this august gathering. He also thanked the organizers who gave him an opportunity to present his working paper.

Making presentation of the working paper Mr. Ghimire was explaining the global cooperative movement. He added, "The industrial revolution and mechanization in the process of industrial production had taken place in England. This had forced workers and poor people to work together as groups for their livelihood. Due to situation created, the birth of the cooperative has taken place. Accordingly, the Rochdale Equitable Pioneers Society established in the Manchester city of England in 1844 is considered as the first introduction of the modern cooperative movement. Therefore, the cooperative movement has been spread around the world along with pervading their extensions in Europe are developed as business system. This has been widely adopted by the rich and poor, developed and under developed countries in the world."

Mr. Ghimire pleaded with his impression, stating that since the cooperative system is operated on the basis of its values, norms and principles in a disciplined manner, its importance and popularity have been gradually enhancing every day.

He stated that in this cooperative movement more than one billion people in the world are involved and it has been successful that it has given employment to more than 100 million people.

He continued that there is a result of its encouraging development the United Nations (UN) had declared as International Cooperative Year-2012 with the theme of "The Cooperative Enterprises Build a Better World" It was observed for the whole year of 2012 in Nepal also.

Mr. Ghimire summarized the cooperative movement in Nepal saying, "In the context of Nepal many traditional systems - religious trust, parma (mutual cooperation) and religious food grain store etc. are found to have been in practice in the Nepali society in the context of Nepal. In the year of 1956 modern type of cooperatives was initiated with program of the resettlement



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for the poverty stricken people in Chitwan with the authority of Department of Cooperatives (DOC) organized 13 credit cooperatives, out of them Bakhanpur Credit Cooperative was the first one in Nepal. In the year 1956 the Cooperative Act was enforced again it was changed. It was announced in several times. In the year of 1992 a new Cooperative Act was enforced till today. It was recognized as democratic and autonomous. It also has been rendering varieties of services and has been successful to make contribution to the country's economic and social development."

Pointing out the significant change in the legal aspect Mr. Ghimire stated that the new Cooperative Act-1992 replaced the Cooperative (Sajha) Act, 1984 following the political change in the country and granted independence and autonomy to cooperatives. Such change was recognized in the international field too. The features of the Act are simplicity of registration of cooperatives, open and voluntary membership, freedom for resource mobilization, exemption taxes and growth of cooperatives, federal structure, arrangement of institutional funds, elected committee, autonomy and independence in management, amalgamation and division provisions, self-regulated system, etc.

"At present there are 29,526 Primary Cooperatives, 285 district level cooperative unions, 1 NCB, 17 central level cooperatives and 1 NCF/N in operation. 4.2 million People associated in cooperatives and out of them 47 percent are women are involved in cooperatives. Their total share capital is Rs. 33.45 billion, savings collection Rs 158 billion and investment of Rs. 134 billion. In the cooperatives 75 thousand people are employed and more than 0.7 million people have indirectly get employment." Mr. Ghimire pointed out.

He also added saying, "Cooperatives have covered in 75 districts in the country". Mr. Ghimire said that the National Cooperative Development study and research, promotion and coordination have been set up. Whereas other agency- Department of Cooperatives (DOC) exists for registration of cooperatives at all levels, monitoring, regulation and promotion and has 38 Division Cooperative Offices covering 75 districts. In accordance with the programme more 20 districts will have Division Cooperative Offices. Besides these cooperative development offices, a central cooperative training centre also is in operation for the manpower development of cooperative enterprises and that of DOC.

Mr. Ghimire stated, a new "National Cooperative Policy" has been effective from January 1st 2012.

"To extend and promote the cooperative movement in an effective manner the Ministry for Cooperatives and Poverty Alleviation has been established," he said.

He also gave information that NCF/N has affiliation with the International Cooperative Alliance (ICA) and the Network for the Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC) and in the same way Central savings and Credit Cooperative union also associated with the association of Asia confederation of Credit Union (ACCU).

Mr. Ghimire continued as saying that according to the providing Interim Constitution of Nepal- 2006 state will adopt the policy for the national economic development through the cooperative, private and government sector. The cooperative sector has been continuing its access to the people of remote



areas and most disadvantaged groups areas where the private sector also could not reach to render its financial support to them.

Mr. Ghimire said that the basic paper of the periodical 13th Economic Development Plan (2013/14-2015/16) with major two objectives - to make contribution to country's sustainability and equality based economic development by enhancing extending cooperative based industrial development, and to maintain good governance by improving cooperative management system and process promoting cooperative principles and values. He also mentioned some strategies for attaining the set objectives of the economic development plan.

"There are several challenges for promoting and strengthening cooperatives and they include list of programmes and policy for their implementation of the business promotion under the three pillar cooperative economy, not refinement of contemporary cooperative act and rules, lack of entrepreneurship and business leadership, lack of effective monitoring and regulating, impracticable tax system, lack of skilled and necessary manpower, lack of coordination among the concerned stakeholders, increases of impunity, concentration of cooperatives in the urban areas, lack of active members' participation, lack of maintenance of cooperative identity, values, norms and principles, not being affecting and strengthening upper level cooperative unions etc," enunciated Mr. Ghimire.

"Realizing the increase of general communities' attraction to cooperative field in the country and enhancement of the wideness of its field, there is a need of the day for more increase of its contribution" Mr. Ghimire expressed with strong opinion.

Look at the future prospect of the cooperative movement, Mr. Ghimire added, saying that NCF/N has made up to formulate a plan for a vision-2020 (2013/14 to 2022/23) of the cooperative movement in conformity with the vision of the International Cooperative Decade and expected that the cooperative business would be established as better business model in Nepal.

"After the completion of the decade, some major changes will have taken place in the areas of membership growth for 4.7 million to 8 million, women membership growth 50 percent, growth of share capital from 33 billion to 44 billion, establishment of modern size of industrial cooperative 6 in number, refinement of cooperative laws, adoption of 'cooperative brand' in the cooperative products etc." Mr. Ghimire stated.

Observation of Panelist

Making an observation of the paper presentation by Mr. Ghimire, Panelist Mr. Deepak Prakash Baskota expressed that the paper was quite comprehensive and impressive. He thanked Mr. Ghimire for his paper.

Mr. Baskota was of the opinion that cooperatives as autonomous bodies and their autonomy were to be assured.

He said that needs of merger of cooperatives were being emerged and when cooperatives would be merged, an attention would have to be focused on self-sustainability.



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Mr. Baskota further made some suggestions that cooperative activities such as food supply, etc. are to be ensured by generally and qualitatively and commercialization of food supplies have to be totally cooperative friendly.

Suggesting for promoting cooperatives Mr. Baskota stated that training and education must be prerequisite not giving the trainees and concerned cooperatives penalized.

Mr. Baskota demanded the government to increase the number of division Cooperative Offices from 38 to 75 covering the whole country so that necessary services to be provided by DOC may be easily available to general people.

Other panelist Mr. Sudharshan Prasad Dhakal appreciated the points mentioned by Mr. Ghimire in the presentation of his paper.

He expressed that the cooperative movement of Nepal: Vision 2020 which was mentioned was relevant for the purpose of sensitizing the participants of ICA Blue Print for Cooperative Decade.

Mr. Dhakal said that the major important aspects- participation, sustainability, capital, legal framework and identity of the core values and principles of cooperative mentioned in the Blue Print are essential in order to make the cooperative movement effective.

"Participation of members in their respective cooperative creates ownership and governance; sustainability reduces the risk factors; identity helps to facilitate understanding of proper operation of cooperatives; legal framework facilitates cooperatives to properly operate cooperatives; and capital helps to grow cooperatives" Mr. Dhakal explained.

He said that each individual cooperator/cooperative concerns them. He also extended thanks to all the participants in the First National Cooperative Congress for their keen attention in the comments made by the co-panelist.

Open Floor Discussion

Many participants raised following several questions for asking replies from presentator, panelists and chairperson.

- 1) Ms. Bidya Koirala
 - Could you (Mr. Bijaya) clarify classification of cooperative for male 50% and 44% female participation?
- 2) Participant from Kalikot
 - How is the herbal cooperative promoted?
- 3) Astabakra (Handicapped) Savings and Credit Cooperative, Jorpati
 - Why are disabled people not to be included in a cooperative policy?
 - Why are cooperatives of disabled people not exempted tax as social consideration?
- 4) Ms. Januka Bhattarai
 - Why is women's low participation found in the Congress?



5) Mr. Tej Narayan Adhikari

- How should there be a security policy for the participation of members in cooperatives?

6) Participant not clearly mentioned name

- How can vision 2020 has to be updated from time to time?

7) Ms. Sita Bhattarai

- Has vision 2020 been formulated on the basis of hypothesis? And is it not?

8) Mr. Durga Sapkota

- Is public, private and cooperative partnership possible as private sector?

9) Other Participants

- What will be the source of fund to meet the vision target?
- Out of 17 Central Cooperative Unions only two were addressed. Why?
- Why is the government not providing subsidies to the poor and low financial level cooperatives?
- How many cooperatives will be opened by 2020?
- How can cooperative manage challenges before cooperative?
- How are number of employment ensured?
- How can members be made active?
- How can actual participation in decision making role be ensured?
- How do challenges before cooperatives have to be considered?
- How can substantial policy can address and monitor by the central bank?

Mr. Ghimire's reply to the questions raised by the participants mentioned above.

In the process of implementation of vision 2020 the target for the vision 2020 will be updated from time to time as per need. Cooperatives are voluntarily organized on the basis of needs of the people.

Any plan's vision which is foreseen is based on the available information/data/ survey report. It is not just a hypothesis or imagination but it is to be likely achieved in future. In case of a number of members it is estimated as ratio of increasing men and women in the past. In fact, the growth of women members has been estimated as earlier stated.

To achieve the target a continuous effort is needed. Such effort will be organization of training awareness programme for their motivation. Regarding the low participation of women in this Congress, the selection of participants has been up to the concerned cooperatives at different levels and their discussions.

There is a strong demand for the tax exemption for cooperatives. Even lobby is being continued for it.

There is also a strong commitment by NCF/N for the women empowerment.

Speaking from the chair Mr. Krishna Hari Baskota said, "In the cooperative sector it is necessary to install fertilizer factory in order to meet need of farmers. In the same way agro-based industry like cooperative sugar factory etc. is required to be established on the people's participation so that employment generation can be made. Cooperative store, home stay system could be developed for promoting tourism. Mr. Baskota said that he was convinced that cooperative is a focal point and it



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moves forward for development, the national sources of funds and economic growth also are easily increased.

Concluding his remarks Mr. Baskota extended a lot of thanks to Mr. Ghimire, for his excellent paper presentation, two panelists Mr. Deepak Prakash Baskota and Mr. Sudershan Prasad Dhakal for their valuable comments on the paper of Mr. Ghimire and participants of the session in the Congress.

1) Resource Person

Dr. Chan Ho Choi, Regional Director, ICA-AP, New Delhi, India

Part IV-3

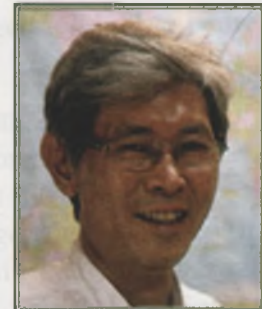
Third Segment of the Working Session of the First Day

Working Paper on:

"ICA Blue Print, Implementation and ICA-AP Strategic Plan-2013-2016"

Resource Person:

Dr. Chan Ho Choi, Regional Director, ICA-AP, New Delhi, India





1) Resource Person

Dr. Chan Ho Choi, Regional Director, ICA-AP, New Delhi, India

2) Chairperson

Mr. Rameshwor Khanal, Former Secretary, Ministry of Finance.

3) Panelists

- a. Mr. Tulasi Prasad Uprety, Former Executive Director, Nepal Rastra Bank
- b. Mr. Tej Hari Ghimire, Regional Head, NORLHA Himalayan

Speaking from the dais Dr Choi expressed that he was very much delighted to participate in the First National Cooperative Congress organized by the First National Cooperative Federation of Nepal (NCF/N) in collaboration with the Ministry for Cooperatives and Poverty Alleviation, Department of Cooperatives and National Cooperative Development Board (NCDB).

He further added that he was very much thankful to the organizers who offered an opportunity to him to present a working paper on the theme- "ICA Blue Print, Implementation and ICA-AP Strategic Plan" and that its presentation on the auspicious occasion of the historical event in the Nepalese cooperative history was useful and productive in order to sensitize to the Nepalese cooperators about the importance of the cooperative movement at national and international levels in the interest of livelihood of the people and global peace.

Dr. Choi recalled that since NCF/N represents the Nepalese cooperative movement joined ICA in 1997, its role is very active for the promotion of national and international cooperative movement and it (NCF/N) also observed the International Cooperative Year-2012 as declared by the United Nations' 64th General Assembly held on December 2009 and decision of ICA.

Explaining about the Blue Print for a Cooperative Decade starting from 2011 to 2020 Dr. Choi said that ICA has prepared a very comprehensive document on Blue Print for the Cooperative Decade and urged all its member countries to carry out different kinds of activities in relation to the cooperative development which could make contributions to the cooperators at large. He also stated that the Blue Print for the Cooperative Decade developed by ICA in 2013 has main goals to "Increasing public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development goals, promotion of the formation and growth of cooperatives and encouraging governments to establish policies, laws and regulation inductive to formation, growth and stability of cooperatives."

Dr. Choi pointed out that the first goal of the Blue Print has three aspects. In conformity with these aspects, the first aspect of the goal is to increase public awareness about cooperatives, second aspect of goal is their contributions to socio-economic development and third aspect of goal is the achievement of the Millennium Development goals.

According to him, the important first goal of the Blue Print related to the first public at mass level must be aware of importance of cooperatives, and of utilization of cooperatives in the interest of people's socio-economic development.



On September 8, 2000, out of 197 UN members 147 of them adopted the resolution related to "The Millennium Declaration", which has main 8 goals. Out of them main goals are: (1) eradication of extreme poverty and hunger, (2) Promotion of gender equality and empowerment of women, (3) Insurance of environmental sustainability, (4) development of global partnership for development, (5) one goal related to education and (6) three goals related to people's health.

"Second goal of the Blue Print is to promote the formation and growth of cooperatives. It is required to promote not only the formation of cooperatives but also the strengthening of cooperatives. In the interest of their members' service and welfare", Dr. Choi mentioned saying.

"The third goal of the Blue Print is to encourage governments to establish policies, laws and regulation which may help to form to strengthen and maintain stability of cooperatives."

Pointing out the strategies of the Blue Print Dr. Choi said that the strategies include five major pillars of blue prints.

"According to him, firstly, one of the pillars is participation in the cooperatives. Participation is the cooperative sector's most valuable assets, cooperatives are better because they give individual participations through co-ownership which make them increasingly more engaging more production and both more useful and more relevant in the contemporary world. The aim is to elevate participation within membership and governance to a new level."

"Second pillar is that cooperatives are as better business model which creates economic, social and environmental sustainability. Their position is to be utilized as builders of sustainability."

"Other pillar or third one is ICA statement on Cooperative Alliance. Cooperatives have effectively set out/equip cooperative principles and prepositions for 170 years today. The identity is defined by the core values and principles of cooperatives. It needs to be communicated through a powerful and distinctive message to ensure that cooperatives are seen and understood by everybody from policy makers to the general public. So the aim is to build the cooperative message and secure the cooperative identity."

"The fourth pillar is legal framework. Cooperative in every justification sits within a legal framework. This framework plays a critical role for the viability and existence of cooperatives. The Blue Print seeks to ensure supportive legal framework for cooperative growth."

"The fifth and the last pillar is capital. The capitals of cooperatives are the capital, of members and for cooperatives. They need to secure reliable cooperative capital while guaranteeing member control. They need access to capital if they are to be established, grown and flourished."

ICA New Strategic Plan (2013-2016)

Making presentation of ICA New Strategic Plan incorporated in his working paper Dr. Choi said that the ICA Regional office, New Delhi has a three year plan (2013-2016) which was adopted in the 10th Regional Assembly held 24-30 November 2012 in Kobe, Japan. It has 16 activities containing in

- 1) "Inviting more ICA membership in the Middle-East, Central Asia, Mekong-Delta, and in the pacific sub-regions"



- 2) "Strengthening the communities in agriculture, consumer, credit and banking, university/campus cooperatives, Human Resource Development (HRD), research, women and youth, and activating the committees of fishery, forest (2F) in rural area, and health and housing (2H) in urban area"
- 3) "Promoting the practices of "Ethical consumerism" of consumers and "ethical production" of producers."
- 4) "Promoting "Cooperative trade" strategically by the modes of fair trade and B to B platform through internet."
- 5) "Promoting the technical exchanges and assistances in Information and Technology (IT) in the forms of workshop and training"
- 6) "Transferring the technical and managerial knowhow especially in the business areas of "Resource Recycling" and Renewable energy business."
- 7) "Promoting cultural exchanges of youth cooperators"
- 8) "Studying on countries' bye laws of primary cooperatives and drawing a model bye laws with a view to ensure the financial sustainability of cooperatives and participatory governance and decision-making of members, especially for women and youth to have certain seats in their board structure"
- 9) "Collecting and disseminating "Cooperative Story" in creating public awareness as cooperative and its business model."
- 10) "Promoting and delivering of "Coop" domain and creating influential messages and media advocacies on cooperative and its business model."
- 11) "Institutionalizing the "Cooperative Social Audit" with a view to and as a mean to promote and protect the cooperative identity."
- 12) "Continuing to organize the cooperative Ministers' conference as the useful platform for the enabling policy and legal environment and provision, especially in reiterating the "Autonomy and Independence" principles for cooperatives in the region."
- 13) "Organizing 'Parliaments Network' regionally and globally with cooperative minded parliaments' members."
- 14) "Organizing an independent conference instrument with National Registry Agencies in order to dealing such issues on cooperative inclusions in the business opportunity, especially in the area of new cooperative business, and for sound tuning between cooperative laws and commercial laws between cooperative law and government policy provisions."
- 15) "Encouraging and enforcing merger of primary cooperatives as countries norms, and to strategic amalgamation alliance of township cooperatives for strong capabilities by way of introducing best practices and model cases."
- 16) "Providing technical assistance and consultation to member countries on cooperative law and regulation on cooperative banking and insurance."

Remarks by Panelist

Speaking from the chair Mr. Rameshwor Khanal, former Finance Secretary was making comments on the working paper presented by Dr. Choi. He praised that Dr. Choi's presentation of his paper was quite interesting, useful and impressive. He believed that his presentation will enlighten the participants' outlooks on the national and international cooperative movement and ICA's role for the development of cooperative in the world.



Mr. Khanal stated that the Blue Print Implementation prepared by ICA has been worthwhile to understand the International Cooperative Decade with its main goals containing 5 strategic pillars for the observance of the International Cooperative Decade and ICA Regional Office's 3 year Plan with varieties of activities for the promotion of cooperative movements at regional level.

Referring to the Nepalese cooperatives, Mr. Khanal expressed that the cooperatives are autonomous and independent and have authority to govern and defend by themselves but they ask the government for its governance over cooperatives.

Mr. Khanal thanked the organizers to give him an opportunity for acting as chairperson too.

Mr. Uprety pointed out the following points

- 1) Information and communication aspect must be strengthened
- 2) The Nepalese cooperatives, as quoted by Dr. Choi mentioned earlier must follow the five pillars very strictly.
- 3) At present in Nepal, the governance in the cooperatives has been an acute problem. It is estimated that there are more than 200 troubled/problematic cooperatives and more than 11 thousand members have been victims of those cooperatives. Therefore, cooperatives which are not functioning under the legal framework and in a wrong mind the regulator body must quickly take stern action.

Mr. Tulsi Uprety expressed that he was very much thankful to the organizers who gave him an opportunity to carry out his duty as a panelist. He continued to express that the important working paper on ICA Blue Print for the international cooperative development containing 5 pillars and the ICA Regional Plan has been very important in order to enhance the cooperative development under the international cooperative decade and the regional plan with varieties of activities for the development of cooperatives at global and regional levels.

Mr. Ghimire as a panelist extended a lot of thanks to Dr. Choi who had made of invaluable contribution for presenting the very meaningful paper on Blue Print implementation and ICA Regional Plan. He expressed that it is urgently necessary to inform the legal framework to cooperatives and policy makers.

Mr. Ghimire was of the opinion that members invest capital in cooperatives and have had access to it, but they may not have access to control over them. Such situation should not happen and they should have control over the cooperatives.

Open floor discussion

Series of questionnaire were put by the participants:

- a) Ram Prasad Neupane, Rupendehi
 - How can consumer Cooperative be strengthened?
- b) Ramesh Bahadur Magar
 - How will be the market situation of production by 2020?



c) Satyabati Bhattarai, Kavre

- Is there any provision to form women cooperative in the ICA rule?

Replies by Chairperson and Panelists

The following replies by Chairperson and Panelists were collectively made.

- a) Consumer cooperative may be possibly viable so long as its members will be fully loyal to it. If it is to be economically viable, management must be professional and pay an attention on market mechanism.
- b) In view of the present market situation, local production must be increased; accordingly, the quality and ethical product and consumption must be paid on keen attention on the basis of the production increment policy to be formed by the government.
- c) Formation of women cooperatives are under the national legal framework and policy.

1) Resource Person

Prof. Dr. Laya Upreti, Anthropologist

2) Chairperson

Mr. Rajendra Prasad

Panelist

Mr. Rajendra Prasad

Part IV-4

Fourth Segment of the Working Session of the First Day

Besides this he quoted more two cooperatives concepts as value-based enterprises helping themselves doing much better economically and socially. Mr. Rajendra Prasad, I.N. Secretary General, and Mr. Rajendra Prasad, NCF/N Chairman respectively.

Working Paper on:

"Role of Cooperatives in Poverty Alleviation and Social Transformation: An Overview"

Resource Person:

Prof. Dr. Laya Upreti, Anthropologist



Pointing out the communitarian philosophy, Dr. Upreti stated that the values are replaced by the human association supported by the cooperative. He reviewed the ICAs' definition on cooperatives with seven principles and member empowerment to improve their quality of life and to enhance their economic.

Dr. Upreti reviewed the historical cooperative facts with modern (170 years period) and traditional practices of cooperatives modern cooperative development and evolution of cooperatives in Nepal till the date (56 years period). Making presentation of recent scenario of the cooperative development Dr. Upreti said that ICAs established on June 20, 1993, has been playing a significant leading role for the cooperative development in accordance with the objectives of promotion of cooperative principles and the people work with their own initiative and participation, promotion of training and education and training, organization of seminars workshops awareness programmes and holding forums for understanding and promotion of cooperative values, norms and principles, promotion of business for the common benefit of the members, promotion of good governance, human resource development etc.



1) Resource Person

Prof. Dr. Laya Upreti, Anthropologist

2) Chairperson

Hon'ble Rabindra Kumar Shakya, Vice-Chairman, National Planning Commission, Nepal (NPC)

3) Panelists

- a. Mr. Janak Raj Joshi, Former Vice-Chairman, Poverty Alleviation Fund (PAF)
- b. Prof. Lal Babu Yadav, Patan Multiple Campus

Presenting his working paper Dr. Upreti quoted Mr. Kofi Anan, former U.N. Secretary General as saying "Funded on the principles of private initiative, entrepreneurship and self-employment, underpinned by the values of democracy, equality and solidarity. The cooperative movement can help pave the path to a more just and inclusive economic order."

Besides this he quoted more two cooperatives concepts as value-based enterprises helping themselves doing much better economically and socially Mr. Ban Ki- Moon, incumbent U.N. Secretary General, and of Mr. Keshav Prasad Badal, NCF/N Chairman respectively.

Dr. Upreti under the lead live of prolegomena clarified his intention of preparing paper that he had addressed most of his arguments in it on the basis of review of available literature.

Highlighting the notion of cooperative he said that whenever individuals face problem which cannot be solved by individually or they have beyond the capability of individuals on their own to deal with the problem or the response, of one (individual) could cause conflict with that of another.

"Those concerned with the problem should cooperate each other to find out satisfactory solution. One would expect that with the help offered or reciprocated on an equal basis there would be better out comes for all involved without being exploited." Dr. Upreti said.

Pointing out the communitarian philosophy, Dr. Upreti stated that the unjust forms of power structure are replaced by the human association supported by the cooperative participation of all concerned.

He referred the ICA's definition on cooperation with seven principles and main aim of cooperatives for people's empowerment to improve their quality of life and to enhance their economic opportunities through self-help.

Dr. Upreti reviewed the historical cooperative facts with modern (170 years period) and traditional practices of cooperatives modern cooperative development and evolution of cooperatives in Nepal till the date (56 years period).

Making presentation of recent scenario of the cooperative development Dr. Upreti said that NCF/N established on June 20, 1993, has been playing a significant leading role for the cooperative development in accordance with the objectives of promotion of cooperative principles and the people's needs with their own initiative and participation, promotion of training and education and training, organization of seminars workshops awareness programme with lobbying functions for safeguarding and practice of cooperative values, norms and principles, promotion of business for the economic benefit of the members, promotion of good governance, human resource development etc.



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"In accordance with the approach paper of the current economic development plan (2013/14-2015/16) mention has been made that the overall goal has been the reduction of proportion of the population living below the poverty line to 18 percent from the current figure of 23.8 percent during the period of implementation of the current plan" Dr. Uprety said.

"Multi-dimension poverty index (MPI) which complements to the money-based measures of poverty published by UNDE in 2013 shows that the number of people living the deprivation in 44.2 percent reduction from 64.7 percent in 2006 (due to increase in the case of women)"

"Rise of wages in rural areas and remittance have also significantly contributed to the reduction of economic poverty MPI considers people deprived in at least 33 percent or more of the weighted indicator in the three dimensions with their 10 indicators, namely (1) health which includes (a) nutrition, (b) child mortality, (2) education which includes (a) years of schooling and (b) school attendance (3) living standard includes (a) cooking fuel, (b) improved sanitation, (c) safe drinking water, (d) electricity, (e) flooring and assets. Even UNDP considers people living or less than \$1.25 a day as poor" explained Dr. Uprety.

"Poverty is more pervasive in the rural areas than in the urban areas..... the urban poverty head count index in 15.46 percent and rural 27.43 percent (out of the total 25.16 percent) on the basis of the third Nepal Living Standard Survey conducted by the Central Bureau of Statistics (CBS) 2012. The rural poor are forced to sell their unskilled labour at extremely low wage because of oversupply such labor and the marginal productivity" said Dr. Uprety.

Explaining the poverty in the agricultural sector Dr. Uprety stated that the poverty is an agricultural phenomenon.

Self-employment in agriculture takes 61 percent of employed person (CBS, 2011). These people involve in agriculture face poverty because of their extremely small land holding possession of the most unproductive and unirrigated land and fragmentation of holding", he continued saying that skewed distribution of resources, lacking of credit facilities to the poor/ultra poor (landless), capability deprivation, poor marketing mechanisms, lack of entrepreneurship, lack of dissemination of poor friendly productive technology in the remote hinterland of country, rampant corruption by politicians and bureaucrats, feudalistic exploitations, ignorance, fatalism etc. are some of the triggers of poverty.

Highlighting the role of cooperatives for poverty mitigation Dr. Uprety said, "Emphasis has been laid on the role of cooperatives in achieving 4.5 percent growth in agricultural sector."

"According to the approach paper of the economic development within a period of 3 year (2013-2016), he mentioned the roles of cooperative sector saying, they would be the following (1) to establish the cooperatives as a principle pillar of the national economy by mobilizing local labour, skill and capital to the maximum extent possible (2) to assist the national goal of reducing national policy by generating employment and self-employment opportunities in urban and rural areas (3) to improve access to employment and self-employment opportunities in order to raise the living standard of the poor, women and other targeted groups (4) to contribute to economic growth and national development by establishing industries, businesses and other productive endeavours, and (5) to enhance the access of the cooperative members in the rural areas to savings and micro-credit facilities."



Enumerating the roles of cooperatives at their paper status Dr. Uprety stated, "Their roles can be couched on point wise, (1) production and supply of goods and services (2) commercialization of agricultural enterprises (3) promotion of agro based enterprises, (4) distribution of commodities/services delivery (5) civic empowerment for building socio-economic capital (6) extension of cooperative education, (7) trade and business promotion, (8) community development, (9) local governance, (10) social integration, inclusion and participation."

Analyzing the relation between cooperatives and alleviation based on review of anecdotal evidences Dr. Uprety spoke, "Cooperatives play substantial role in the agriculture economy of Nepal. They have become people's institutions. They are also being involved in resource mobilization which has accelerated agricultural economy in rural areas. Not only that the liberalization of financial sector has definitely played a positive role in strengthening the role of people's cooperatives and apropos or purpose of the role of cooperatives in poverty reduction."

He continued, saying "the contribution will be on generation of the income, assets creation and enhancement, increased access to capital, market and quality good production."

Continuing his deliberation on cooperatives' roles in relation to agricultural farming Dr. Uprety was, adding, "Cooperatives increase the productivity and income of small scale farmers by helping them collectively negotiate better prices of seeds, fertilizer, transport and products. They help farmers expand market access and capture more of the value chain."

"Cooperatives expand poor people's access to financial services including credit and savings. These services support enterprise start up and expansion. They all enable the risk-taking that can lead to increased profitability and reduce vulnerability by allowing poor accrue savings, build assets and smooth full consumption."

"They (cooperatives) help tackle rural poverty. The role of cooperatives in poverty alleviation has been presented in the form of successful story as a case" which is related to the Rajsati Cooperative located in Tankisunari of Morang district. The cooperative established in some years ago with membership of 44 possessing no land in their names. It has triggered a conducive environment for women to be self-employed. The women members have focused to be enterprises. They have been taught how to first, and helped by producing the fish net and provided credit 0.2 million available to them on the basis of group guarantee and other collateral. Successful women entrepreneurs have bought homestead land. In this way 400 women have access to land." Dr. Uprety cited or added a case.

Describing the role of cooperatives in value chain development process Dr. Uprety stated, "Value chain is the sequence of activities, from production to consumption, through processing and commercializing. Each segment of chain has one or more backward and forward linkage. Cooperatives have the potential role in value chain development and its process. Each district/central union/federation must always keep in mind to look for business opportunities in value chain which makes linkage from production to consumption. Cooperatives at all levels look for most possible points of value chain. Such points may include production, procurement, processing, and marketing."

Addressing the audience Dr. Uprety who had experienced himself from the study in the district of Nepal related that tenant farmers in Sunsari, Saptari, Siraha, Mahottari, Chitwan, Sindhupalchowk, Dang, Banke, and Bardiya were conducted a survey done on 2007 in their empowerment process



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during the course of land rights movement by the Community Self-reliance Center (CSRC) data revealed that 73.6 percent respond and were largely dependent on the landlords and money lenders before their involvement in land rights campaigns. Money was borrowed by tenants farmers for multiple purposes such as for affording food (51.7%), health care, cultural/social events/rituals. Pervasiveness of the rural indebtedness with usury of interest up to 60 percent per annum reported during the survey period. With the intensification of land rights campaign and CSRC's support for the initiation of financial institutions (cooperatives), these land poor gradually got the opportunity to be borrowing from them during the survey the purpose of investing on the productive activities- goat-raising, poultry and other area-specific agro-based enterprises. After acquiring limited amount of land under tenancy rights, tenancy forum were found to be freed from the usurious interest rate of the traditional money lenders.

He was also telling his second anecdote that when the evaluation of the land rights by CSRC was done in 14 districts- mostly Terai regions. In accordance with the qualitative observations, of both tenants and landless farmers, they shared that they lacked the access to financial resources and were deprived of their benefits needed for their livelihood enhancement before joining the land right movement in 2008. He added that once CSRC began supporting them to set up cooperatives through local resource mobilization and institutional support. Dr. Uprety narrated that field observation showed that the cooperatives had been operational in land poor communities in the land rights constituency districts, 82 agricultural cooperatives were organized within a period of almost 5 years being from 2008, they were joined 5,483 members till 2013, also promoted their self-sufficiency, needed not to be dependency on the money-lenders who used to charge the exorbitant rate of interest up to 60 percent per annum, they invested capital to them for promoting activities- goat-raising, pig-raising, vegetable farming, fish farming on the commercial scale in the land received under the tenancy rights.

"Case of poverty alleviation synthesized with the small farmers cooperatives Ltd. (SFCLs) located in the eastern region of Nepal is cited in accordance with the evaluative findings of the evaluative study of SFCLs, the financial institutions had the particular significance in reaching out to the ultra-poor. Although SFCLs are the organizations of the rural poor, their distinctiveness included their explicit commitment to help their less fortunate landless farmers and extreme poor with difficulty for surviving. The report also suggested to implement a large-scale intervention and to effectively address the problem of acute poverty" Dr. Uprety very briefly narrated.

He specifically revealed that there was potential of agricultural potential of agricultural modernization by cooperatives with the support of donor community for the development of human resource and its role in poverty alleviation. Based on this concept, the government of Nepal and Israel signed an agreement on an agricultural cooperation in 2010. As a corollary of it, a first batch of 200 students selected from the Small Farmers Agriculture Cooperatives were sent last year in Israel for a yearlong agricultural training programme which was called 'learn' and 'earn' with the 11-months advanced course in agriculture in Negev, Kinneret and Arava in Israel.

Dr. Uprety quoted Mr. Hanan Goder Goldberger the Israeli ambassador to Nepal, as saying "only 3 percent of Israel's workforce is involved in agriculture, but they produce enough food to feed the whole country and export the surplus. We want the Nepali student to take back home with lessons about simple and effective practices like drip irrigation, and market management and to expand beyond subsistence farming."



Explaining a little more detail Dr. Uprety stated further about the programme that Nepali youths would learn about the agricultural modernization of traditional subsistence farming with new farming techniques on the one hand. They would work as the resource persons for other members of their own cooperatives. In doing so, the programme would have the ripple effects throughout the nook and corner of the country in a few years of time in the regime of productivity and production of agricultural commodities with enough potential for poverty alleviation on the other.

Explaining cooperatives' potential in reducing human poverty Dr. Uprety pointed out some indications of human poverty which included illiterate, lack of capability in participation of community activities, gender disparity, poor nutritional status of health, lack of individual security (gender violence).

He said that nearly 35 percent of the total populations of Nepal are illiterate about the age of 5 years. Out of them male illiteracy is about 25 percent and female illiteracy 43.5 percent and nutritional status of the poverty stricken is also low.

Dr. Uprety stated that besides two actors- government and private, the cooperative has the immense potential in addressing the human poverty. His anecdotal evidences showed that with the increase of household income from the credit capital, its use in the productive activities and the value chain development process in the regime of cooperatives, poor people had begun consuming and providing better nutritional food to their children, sending them to schools after they joined cooperatives.

"The cooperative movement has the political salience for the transformation social change."

Explaining the social transformation through cooperatives Dr. Uprety spoke that the cooperative movement has the political salience (prominence) for the transformative social changes which comprise the most extensive alternative to traditionalism.

He added that from a theoretical perspective of cooperation, its basic premises, common interest and common property are attractive to ideological approaches that seek to expand democracy and social realms, and that are opposed to the individualistic and inegalitarian tendencies of capitalism. In fact cooperatives have the potential of being the institutional vehicle for social transformation.

He further added, "Deepening grassroots democracy, promoting economic, social empowerment of women, poor, marginalized and backward population, transforming traditional feudalistic and rigid caste structure through the inclusionary practices, improving governance, and transforming conflicts are the inherent characteristics of social transformation in the regime of cooperative movement in Nepal.

Dr. Uprety describing the role of cooperatives in the formation of social capital, said that social capital is formed with the promotion of economic, social and political empowerment of women, poor, marginalized and backward population, transformation of traditional feudalistic and rigid cast structure through the inclusive practices, improvement of governance etc. in the system of cooperative movement.

"Cooperatives in Nepal have played an important role in creating and sustaining the social capital- a variable for the sustainability of cooperative movement."

Interpersonal relations, networks of primary cooperatives including the upper levels of unions and federations, trust of shareholders in committee with the firm belief that their shares will generate dividends for distribution, solidarity among shareholders, values of social justice, norms of social inclusion,



cooperation/reciprocity, ideas, culture of developing knowledge and sharing through organizational process, etc; are other forms of social capital generated by cooperatives in Nepal." added Dr. Uprety.

Putting emphasis on cooperatives' role in conflict environment Dr. Uprety mentioned the fact that the violent political conflict began in 1996 between the government and the then Maoist Communist Party of Nepal and the latter capitalized on the bad governance, corruption and socio-economic and political inequalities, it was critical moment for the rural financial institutions to operate. The conflict had severely affected the government-owned rural banks and micro-finance institutions but community based/owned cooperatives had survived fairly well and they played a significant role to protect the financial condition of the people through their smooth operation.

Speaking of a significant indicator of social transformation in the empowerment of women through cooperatives, Dr. Uprety said that cooperative had improved the access to credit for women and helped them in reducing their dependence on money lenders and increased employment and income. Such synergistic effect had also been on the reduction of poverty among the women.

He further pointed out that the cooperatives had helped to trigger or set an action for the reduction of inter-generational poverty of women by acquiring assets (land), health, nutrition and improved education status of children and by giving opportunities to make forums of discussion for women, mobilization of local resources, build up their bargaining power, widen options for income generating activities, and enhance local control over factors of production.

He also further stated that cooperatives had resulted in women's solidarity/network of mutual support, economic independence and improvement of social standing.

Closing his paper presentation Dr. Uprety noted that the cooperative economy was also besieged by a myriad of problems- ideological problems (generality of members), managerial skill, inadequacy of capital and technology, potential of using the institutions for vested political interests, lack of entrepreneurial capability among members, institutional inability for market analysis of the products and their marketization, institutional inability to frame the strategic plan, institutional inability of the financial analysis, concentration more on the interests of management committee than on the interests of common members, multi-membership (by one person), inadequacy of cooperative knowledge among members, insufficiency of professional manpower in cooperative sector, limited members' participation in organizational activities, weak governance, etc.

As an anthropologist he would accord top priority of the two fundamental problems- ideological and entrepreneurial problems at the outset but tackling problems was no less important.

Remarks by Panelists

Mr. Janak Raj Joshi, Former Vice-Chairman, Poverty Alleviation Fund

Mr. Joshi was making comments on the paper presented by Dr. Uprety and said that the paper was very much informative and comprehensive.

He added that Dr. Uprety had explained the poverty scenario, political economy of poverty, relate between cooperatives and poverty alleviation, cooperatives' contribution to poverty alleviation, social transformation, formation of social capital, some cases.



Informing policy announcement Mr. Joshi said that the poverty alleviation policy was announced during the 8th Five Year Economic Development Plan and had wide coverage of provisions of poverty alleviation.

"The government of Nepal is fully committed to alleviate necessary budget for mitigating poverty and must pay an attention to the upliftment of cooperative sector and development in the light of the three pillar national economic development policy recognized by it, alleviate poverty through the transformation of agriculture, urge the government for the creation of employment to youth within the country through cooperatives and make adequate investment for the development of agro-based industries." stated by Mr. Joshi.

He gave information that the Poverty Alleviation Fund covered about 0.6 million families by creating additional 22-92 organizations. Making suggestions to the government Mr. Joshi urged to initiate the poverty alleviation through food security programme and must enforce this programme related policy.

Another panelist Prof. Lal Babu Yadav made his comment on the working paper, and appreciated it due to the wide coverage of role of cooperatives, poverty alleviation and social transformation.

Prof. Yadav said, "The modern cooperative concept stated that 170 years ago has taken a concrete shape of the establishment of the International Cooperative Alliance (ICA) in 1895. It is an independent non-governmental organization which serves cooperative world-wide. As it defines cooperatives, it is the organization run on community based principles of cooperation and significant participation." Prof. Yadav said.

"Poverty is deep-rooted among the people who represent ethnic, disadvantaged and marginalized groups, who are landless and poor below the poverty line and who work as labourers/workers in the farm land, factory, commercial sites." added Prof. Yadav.

He felt that labour sector is an important one which is related to most of the people.

"People who are involved in the labour sector are of subsistent level, weak in finance and suffering from human poverty. The important way to uplift their livelihood is labour partnership between private people and labourers, exclusively formation of labourers organization which may be private organization or labour cooperative. Labour partnership cooperative model is also one." opined Prof. Yadav.

He pointed out that the progress of cooperative is not yet satisfactory due to lack of expert counseling, at the same time crisis of reorganization, implementation and management and not reformed.

"There are some weaknesses of coordination with the concern agencies for investment and benefit," added Prof. Yadav.

He also made some suggestions that tourism-focused cooperative is to be highlighted, rural area needs to be most focused for cooperative development, and the government and people must work together through the civil society, individuals, cooperative bodies for the cooperative development.

Open Floor Discussion

Some questionnaires which were put up by the participants in the open floor discussion were as follows:

- 1) Ms. Kalpana Shrestha, Makawanpur District Savings and Credit Cooperatives Union
 - What sorts of support can NCF/N provide contributions to agricultural activities?
 - Whether the government or private or cooperative install industry or not?



- 2) Mr. Rajan Rokaya, Sindhupalchowk District Cooperative Union
 - Is it impossible to mobilize capital without savings or credit Cooperatives?
- 3) Mr. Amar Khadka, Bajura District Cooperative Union
 - Bajura is a poor district but why does NCF/N not make analyze and evaluate?
- 4) Mr. Saman Neupane
 - Where does cooperative use communication media with the aim of poverty alleviation?

Reply from Panelist, Resource Person and Chairperson

Panelist, Mr. Joshi responded that it seemed that cooperatives have focused on very small industries. But they will have to pay attention to the medium and large scale industries so that they may create more employment and serve not only their members but also a large number of people and can stand with other big industries either under cooperative- private or public industries.

He also urged the government to pay more attention to small scale industries under the banner of cooperatives. NCF/N must pay facilitating role for operating industries.

Resource person, Dr. Uprety said that capital is required to operate cooperative business activities. Without capital mobilization cooperative may not be able to run by business activities.

He said that the national cooperative development policy has been enforced and it is in the process of implementation. Even it has strongly addressed the poverty alleviation through cooperatives. So far as the medium and large scale industries are concerned such industries not found to be operation level of cooperative activities on them.

Chairperson, Dr. Rabindra Shakya from the chair of the 4th session of the National Cooperative Congress summed up the open discussion, saying "Dr. Uprety's paper seemed very comprehensive and his presentation is also very impressive. His presentation was expected to be productive and useful. In accordance with a provision the three pillars- cooperative, private and public is incorporated in the Interim Constitution of Nepal-2006."

He said "It has been very clear that cooperative policy has been adopted as the three pillars for the national economic development. Necessary effort is required to enforce in the practices through its adoption in the 13th periodical national economic development plan. In order to enhance the cooperative development idea in this regard must be uniform."

Dr. Shakya also disclosed a critical problem for the National Planning Commission that factual and reliable statistical information are not available. What he expressed, are the current activities in the area of cooperatives encouraging. The future of the cooperatives it is believed is very much bright.

Before concluding the 4th segment of the Congress, Dr. Shakya extended his thanks from his core heart to Dr. Uprety, resource persons and Mr. J. R. Joshi and Prof. Lal Babu Yadav, two panelists, contributors for asking too relevant questions and other general Congress's delegates present in the segment.

Last but not the least, Dr. Shakya thanked the organizers who gave him an opportunity to chair the 4th segment of the Congress and who closed it.

1) Resource Person

Dr. Xu Mingfeng, Division Chief in International Trade and Cooperation All China Federation of Supply and Marketing Cooperatives (ACFSMC) China

Part IV-5

Fifth Segment of the Working Session of the First Day

Working Paper on:

“Product Diversification and Trade through Cooperative Network”

Resource Person:

Dr. Xu Mingfeng, Division Chief in International Trade and Cooperation All China Federation of Supply and Marketing Cooperatives (ACFSMC) China





1) Resource Person

Dr. Xu Mingfeng, Division Chief in International Trade and Cooperation All China Federation of Supply and Marketing Cooperatives (ACFSMC) China

2) Chairperson

Dr. Ganesh Raj Joshi, Secretary, Ministry of Forest and Soil Conservation

3) Panelists

- a. Ms. Ellen Kallinowsky, Chief Technical Advisor, GIZ
- b. Mr. Navaraj Simkhada, Consultant, ADB

Making presentation of his working paper Dr. Xu Mingfeng was speaking that today he felt very much happy to be here and to congratulate all the organizers for organizing the First National Cooperative Congress which was historical event of the Nepalese cooperative movement.

Dr. Mingfeng expressed that he was very happy to have been invited the delegation of the China Cooperative Movement and to kindly have been requested for the presentation of working paper on Product Diversification and trade through cooperative network and to extend a lot of thanks for giving him an opportunity to present it and to be with all the national Nepalese cooperative delegates as well as international cooperative delegates.

He stated that a question before him was why did people trade? He explained that the purpose of making trade is to obtain goods and services which are not available in their own region, which are better quality, which are less expensive or which are different from goods produced at home.

Dr. Mingfeng felt from his own mind for repeatedly two questions: Why do people trade and why do they trade in internationally? The answers are for diversification for different purposes.

Dr. Mingfeng was of the view that quality goods are available, the performance of goods is better but their price and cost do not meet production cost. In such situation, the place of production and channel for marketing are not suitable, if time and seasonality for production and marketing are not suitable and proper the diversification is required from production to marketing.

He stated, saying, "Natural resources are concerned with the production in closely connection with quality of inputs, geographical factors– location, local environment, soil, water, plain land or land of high or low altitude, high or low climatic temperature. Therefore, it is certain that any product related to place of origin makes different." Dr. Mingfeng said, "The quality and performance of any product are based on human resources. Human resources are the most important factors which help to diversify any product, to maintain its quality and to make its performance better in terms of usefulness, stability, reliability, attraction, etc. They always pay attraction on design, craft work, technique, expertise, patent, know-how, tradition, culture, etc."

"In fact human resources always must look for policy and innovation so that there is possible that may come to the formulation of policy and the generation of innovative ideas," he stated.



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Dr. Mingfeng cited two cases concerning the connections of East Asia and Israel.

In the first case he said that in Japan, Korea and China farmers and limited natural resources are utilized with labour intensive in the areas of assembling, manufacturing, products with full innovation.

In the second case, Dr. Mingfeng further added that improved farming is in crisis but the crisis has been converted into opportunities in the different forms. The farming which is done in the deserts is extremely poor condition such as there is farming of flowers/fruits in the natural green house, limited water resources but arrangement has been made for drip irrigation so far as the production is concerned it has better quality and less diseases found.

Dr. Mingfeng very claimed that people are the same in the world but the difference is the way they are organized.

“The price and cost are being involved in production factor, capital, land etc. They depend upon the economy of scale and scope and industrial cluster.” said Dr. Mingfeng.

He elaborated the production factors i.e. labour, capital, land etc. countries which have abundant production factors and have abundant production or excessive production land and aims to export their excessive products. If such situation prevails in the country cooperative must take advantage to deal with international trade.

Dr. Mingfeng explained about the economics of scale, stating economics of scale are the cost advantages that enterprises obtain due to size, throughout or scale of operation, with cost per unit of output generally designing with increasing scale as fixed costs are spread out over more units of output.

Other aspect of economics of scale he added, is “Grains core business is significantly important and has wide varieties of grains – oil, wheat, feed, fruit, every item is sold as whole or retail. Wheat is diversified as flour, food ingredients, branded food, etc. Similarly, feed are diversified as breeding (Seeds, meat food and fruits and its juice).

While explaining production factors, economics of seeds and scope, Dr. Mingfeng informed about the business clusters which have been adopted in China. The business facilitates breakdown of professional clusters.

He said that the businesses are scattered throughout China. Based on the development of professionalism in each business activity, the total businesses are put into clusters where they are called professional clusters.

He also cited an example of grapes production in China. They are produced in the right season and marketed in time.

Dr. Mingfeng pointed out some issues being faced by the small exporters and those issues included finding the right buyers, tackling with distance and logistics, cooperation with partners, identifying the ways to add value to the products/commodity and importance of standard/certification.

Expressing the importance of place and channel Dr. Mingfeng cited an example of Japan as the Japan Agricultural Cooperative (JAC) exports the most expensive watermelon in the world. He also stated the price of watermelon as \$0.5 per kilo in China. In Japan \$2 per kilo and in Saudi Arab \$10 per



kilo. The watermelon produced in Japan marketed by the channel of JAC and gained high price has been good example for the producer farmers.

He laid down some other points looking for the right buyers – embassy in China, business representation office, Trading company, partnership with China, cooperative members, online resources which include ACF of MC, website, member websites.

“Case study on Korea Agriculture Cooperative’s market strategy in China reveals the involvement of Korea Agriculture Cooperative while other case on low kingiang fruit co-solve the problems in distance and logistics deals with online shopping, regional distribution centre, shipping in advance and bulk shipping for groups” presented Dr. Mingfeng.

He also mentioned the China cooperatives in the international trade dealing with import and export very actively.

“The China products related to household and supermarkets have potentials for Kitchen tools, sanitary products, table wares, hardware whereas similar products with potentials related to textiles and clothes are fashions, decorations and home textiles and other products with potentials in relation to agricultural products – fruits, vegetables, mushrooms, tea and nut and kernels.” stated Dr. Mingfeng.

At the end of this forestation Dr. Mingfeng expressed expectations that the China Cooperative could be Nepalese buyers and suppliers throughout cooperative network.

Comments of Panelists

One of the panelists, Ms. Ellen Kallinowsky highly expressed that she thanked a lot to organizers who gave her important opportunity in order to participate not only in the fifth segment under the first day of the First National Cooperative Congress, but to have come across of national and international delegates. She further expressed good wishes for the success of the Congress held in Kathmandu, Nepal.

Ms. Kallinowsky was making comment on the presentation of working paper that the paper presented by Dr. Mingfeng was excellent and impressive. His paper is found to be very productive for income generation and to inject the audiences’ mind towards new business for its improvement.

“China is being actively involved in big business whereas Nepal is in the process of business phase. At the same time the Nepalese Cooperative business seems to be very limited. Its partnership with China Cooperative business is a pragmatic solution.” said Ms. Kallinowsky.

Making comment on the paper presentation by Dr. Mingfeng, other panelist, Mr. Simkhada congratulated him for his nice presentation. He expressed that he was convinced that every delegate has been enlightened about the promotion of business on trade, diversification, economics of scale and scope particularly price and cost of production in each step of business.

After making conclusion of comment on the paper Mr. Simkhada extended thanks to the organizer who gave him an opportunity to act as panelist in the fifth segment of first day indoor session of the Congress.



Open Floor Discussion

Questions were invited to the delegates who attended the fifth segment of the Congress. Some questions were listed below:

- a) Mr. N.I. Gharti, Savings and Credit Cooperative, Palpa
 - How can cooperative be converted into model cooperative on the basis of Chinese experience?
- b) Dr. Navin Prasad, Savings and Credit Cooperative, Kanchanpur
 - How can cooperative be established network in relation to price and cost?
- c) Mr. Ganesh Basnyat, Chairperson, Central Bee Farming Cooperative Union
 - What sorts of supports can China provide to Nepal?
- d) Mr. Arjun Pokhrel
 - How is the market channel in China?
- e) Kalikot
 - Do you find the policy different in reason-wise in China?

Response by Dr. Mingfeng and Dr. Joshi

If the cooperative activities are commercialized business, side by side networks for the products marketing networks can be established through the business dialogue for the mutual benefits.

Business support may be available through the letter correspondence or mutual personal contact/consultation or visit to China.

Even business policy may be different from region to region due to the cost and price position.

Chairperson and Secretary, Dr. Ganesh Raj Joshi from his Chair expressed thanks to Dr. Mingfeng, Panelists – Ms. Kallinowsky and Mr. Nawaraj Simkhada, who made a lot of contributions for presenting a working paper and comments as panelist respectively. He also extended thanks to participants who had listened very patiently and cooperation and the audience had asked questions pertinent to the subject matter and made the session very lively. Last but not the least Dr. Joshi expressed gratitude to the organizers who invited him to undertake responsibility of the fifth segment's session. He expressed good wishes for the success of the Congress which was a historical event in the history of the Nepalese cooperative movement.

Secretary Dr. Joshi spoke that Nepal has had a good trade relation with China. Since a long time, such trade could be linked through the substitutions of products. As for example Basmati rice with good quality, specific brand and marketing channels can be exported to China from Nepal. Many products could be exported and imported through the cooperative channels. Only it was a question of innovativeness of ideas. He closed the sessions with high appreciation of conducive environment created.

1) Resource Person

Dr. Yub Raj Khatiwada, Governor, Nepal Rastra Bank of Nepal

2) Chairperson

Part IV-6

Sixth Segment of the Working Session of the Second Day

Second Day of the First National Cooperative Congress, saying "Nepal has witnessed dramatic changes in the political system within the last few decades. Social changes have accompanied political changes. The present has not only flow but also exclusionary with gender, ethnic and present outcomes."

Working Paper on:

"Cooperatives, Economic Democracy and Human Security."

Resource Person:

Dr. Yub Raj Khatiwada, Governor, Nepal Rastra Bank of Nepal



economic system overly depended on market for the delivery of basic services. As a result, it could not address exclusion and deprivation rather in quantity and quality. The skewed distribution of productive resources, including land, capital and human capital formation also took an equal shape with poor people being excluded and health care services due to difficult geographical and poor infrastructure excluded many people from the development main stream. This became the breeding ground for civic disenfranchisement and armed conflict, which took a big toll of people and resources for a decade" said Dr. Khatiwada. He further added that the armed conflict was ended with a 12 point peace and development agreement between the state and the rebels. Nepal is heading towards a credible solution to the political impasse. Also economic policies are being restructured to make them people media and inclusive and roles of the state and the private sector. The final growth strategy of development is focusing on the cooperatives.

"Nepal has overcome a decade cooperative armed conflict and the peace and development agreement was signed in 2006."



1) Resource Person

Dr. Yub Raj Khatiwada, Governor, Nepal Rastra Bank of Nepal

2) Chairperson

Mr. Shanta Raj Subedi, Secretary, Ministry of Finance, Singha Durbar, Kathmandu

3) Panelists

- a. Mr. Bhima Subrahmanyam, Managing Director, National Federation of State Cooperative Bank (NFSCOB), Navi Mumbai, India
- b. Mr. Haji Mat Jusoh, Head of Sector, Operational and Supervision, Malaysian Cooperative Societies Commission, Malaysia

Making presentation of the working paper on the topics mentioned above Dr. Khatiwada was speaking in the sixth segment of the indoor session held in the Hotel Soaltee Crowne Plaza, Kathmandu in the Second Day of the First National Cooperative Congress, saying “Nepal has witnessed dramatic change, in the political system within the last few decades. Social changes have accompanied political changes. But economic development has been not only slow but also exclusionary with gender, ethnic and regional disparity in development outcomes.”

He added, “Firstly, People have failed to secure basic economic rights of the citizen through federal republican constitution following the constitutional assembly election of 2008. Second effort is being made in drafting a new constitution and ensuring rights of the people to access basic goods and services like food, education, health and clean environment. Meanwhile, the efforts would be to take the development process close to the people through state restructuring and moving to a federal set up and with the scaled up complementary roles of the government, the cooperatives and private sector.”

Dr. Khatiwada said that Nepal remained for long a centralized state with service delivery being ineffective and insufficient. The multi-party democratic system of part 1990 accompanied by liberal economic system overly depended on market for the delivery of basic services to the people. As a result, it could not address exclusion and deprivation rather in quantity increased and it was embodied in the skewed distribution of productive resources including land, capital and technology.

“Human capital formation also took an equal shape with poor people being denied of quality education and health care services due to difficult geographical and poor infrastructure excluded many people from the development main stream. This became the breeding ground for civic disenchantment and armed conflict, which took a big tool of people and resources for a decade” said Dr. Khatiwada.

He further added that the armed conflict was settled with a 12 point peace and development agreement between the state and the rebels. Nepal is heading towards a credible solution to the political impasse. Also economic policies are being reoriented to make them people media and inclusive and roles of the state and the private sector while the third grassroot actor of development is fostering as the cooperatives.

Nepal has overcome a decade cooperative around conflict after the peace accord between the government and rebels was signed in 2006.



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“The failure of the liberal democracy introduced in 1990, is very clear. Any political system that does not deliver development to the people or deliver the most unequal way is prone to collapse. Those who believe in welfare state and deliver democracy it is required to know that the system must produce high rate of economic growth while striving to ensure social justice and equity.”

“Although a high economic growth is possible only with open economic policies and global economic integration, making the growth inclusive and ensuring equity along with social justice would demand that the socially responsible institutions in the state market and community are evolving in the country. People/countries are looking forward the evolution of cooperative organization from the perspective” stated Dr. Khatiwada.

He further added that in the recent years several measures have been taken to make development process people centric and ensure that all people are benefitted from the development outcomes. The role of the government has been focused on providing universal basic social services - education and health, ensuring food, shelter and environmental security and promoting social security for the vulnerable people. Cooperatives have been entrusted to organize local marginalized, weak and vulnerable people for their socio-economic empowerment. The private sector also is given a keyrole with economic growth process by providing a liberal and competitive business environment.

Explaining the economic democracy, political democracy and cooperative system, Dr. Khatiwada tried to elaborate these systems.

"Economic democracy is desirable as an integral part of an inclusive democracy which aims to meet the basis political, social, cultural and economic rights of all citizens and to secure freedom of choice."

"Inclusive democracy is based upon the principle of meeting basic needs as fundamental human rights. As a part of inclusive democracy, economic democracy is the authority of community in the economic sphere, which requires equal distribution of economic power and opportunities to ensure an inclusive and equitable economic development."

“Political democracy is almost universally valued in the present world, but the idea of economic democracy has been largely ignored in favour of the system that centralized economic decision-making power in proportion to wealth. The result of this anti-democratic economic model exercised during the past 40 years has been an increasing desperate between rich and poor in the world culminating into services of economic crisis in equality, exclusion and conflict.”

“The purpose of political democracy is to provide for political empowerment to all citizens, whereas that of economic democracy is to provide economic empowerment to all citizens and all local communities and to prevent the concentration of economic power that subverts/overturns mass political and economic empowerment.”

“In political democracy, citizens are supposed to be sovereign. They exercise their sovereign political power to elect their leaders or representatives through free and fair election system. However, if the citizenry is illiterate, ignorant and economically vulnerable, election candidates can easily sabotage their sovereign power with social and economic threats or financial handouts” stated Dr. Khatiwada.



Expressing the importance and role of cooperatives, Dr. Khatiwada explained saying “cooperative is not a unique system for Nepal only. They, by their very nature and principles are suited to uphold economic democracy.”

“No other form of organization their cooperative could be relevant means of economic democracy in the multiparty democracy and open society.”

“A cooperative is a limited liability entity organized for limited profit and socially responsible business, makes decisions on membership basis and cares for its benefits of all of its members.”

“As cooperatives are democratic organizations controlled by their members who actively participate in selling policies and making decisions, they better serve towards economic democracy.”

“In primary cooperatives members have equal voting rights and cooperatives at other levels are also organized in a democratic manner unlike in cooperatives where strength of capital dictates the decision. Thus cooperatives are economic democracy in practice.”

“Cooperative organizations broadly meeting the conditions – 1) Local member control of economic decisions made on the basis of collective necessity, 2) democratic resource mobilization process 3) Serving the economic interest of members who are common people and 4) fair distribution of income and opportunities with a diversity of business scales and modes are better suited to strengthen economic democracy and ultimately sustain political democracy.”

“As cooperatives are democratically controlled and motivated primarily by the goal of providing services to their members not for generating abnormal profit for their owners and investors. They are much more likely to avoid the negative consequences of economic institutions primarily driven by the government for ever - increasing profits. Such democratic business form of economic activity can provide an antidote/negative effect to the currently functional economic system controlled by large cooperatives and monopoly capital. As the world looks to stabilize the economics and to revitalize the social institutions in the wake of the recent economic crisis, cooperatives represent an approach to economic decision – making that supports political democracy and complements private sector activities rather than undermining it.” Dr. Khatiwada said.

“In the current corporate world growing concentration of power held by cooperation and international financial institutions is stripping societies of their ability to set economic, social and international policies in the common interest.” he said.

Dr. Khatiwada added, “As such the largest cooperations are now bigger than the economics of most nation-states. As such 52 of the 100 largest economics in the world are now corporations. It is understood how they influence the economic decision making in the world.”

He continued saying, “while the world economy has been growing by a modest 2-3 percent annually, the largest corporations have grown at a rapid places of around 8-10 percent each year. These corporations along with their foreign affiliates control most of the world industrial capacity, technological know-how and international financial transactions. These transnational corporations are increasingly dictating the terms of trade, shaping every contour (area) of society, and setting the rules of business everywhere. As state policies are often helpless in their presence in business cooperative can be a cushion to protect basic economic rights of the citizens.”



“Despite a bandwagon of market capitalism, cooperatives have emerged in many parts of the globe due to the distinct advantages offered by their structural organization. Although granting member-owners official democratic rights confer benefits to those in all types of cooperatives, this governance feature has offered particular advantages to those involved in production, processing or workers-owned cooperatives.” added Dr. Khatiwada.

Referring to a critical advantage of cooperatives he added, “It is their adoptive democratic structure or they embody the ideals of economic democracy by harmonizing the diverse interests of owners, managers, investors, consumers, workers and their communities.”

Dr. Khatiwada claimed, saying, “Cooperatives as a movement to empower people through organizing them to carry forward economic activities, financial services, and livelihood support can make people capable to exercise their political rights in a free and fair manner.”

Paying attention to human security by cooperatives, Dr. Khatiwada described the meaning the human security, explaining, “Human security means protecting from fundamental freedoms – protecting people from critical threats and situation that undermine their well-being. In other words, it is the protection of the vital core of all human lives in ways that enhance human freedoms and fulfillments. In a broader sense, it implies creating political, social, environmental, economic and cultural systems that together give people the building blocks for survival, livelihood and dignity.”

“The current human society is marked by high incidence of absolute poverty, exclusion, inequality, high-unemployment and often conflict also for the same reason. The root of all these problems is overly dependence in either the state or the market to deliver the basic development for all including those related to human security. But only these two actors (State or market) are neither sufficient for development nor they alone can deliver inclusive development and human security.”

He further added, saying, “The cooperative movement through seeking to deliver social, economic, cultural and environmental needs of its members on a local scale can address the issues of human security even in a capitalist system, where human security is defined as freedom from want, condition which meets the economic and social needs and rights, and freedom from fear, condition which meets opportunities for meaningful participation within a community to include civil and political needs and rights.”

Referring to the UN World Summit for social development held in Copenhagen in 1996, Dr. Khatiwada mentioned that the summit recognized cooperatives as major factor of economic and social development which promote the fullest possible participation in the development process of women and all population groups, including youth, older persons and people with disabilities, providing on effective and affordable mechanism for meeting people’s need for basic social services.

He further stated, saying “The proponents of private enterprises and advocates of free market capitalism propose cooperative as a means to cope with economic crisis provide livelihood and ensure human security during difficult times, national government which commit for inclusive and sustainable development have taken the same as spontaneous social mobilization with state support acknowledged to promoting and sustaining them?”

Dr. Khatiwada quoted IMF (2009) as saying “Undertaking of diversity of social and economic functions like agriculture, diary, livestock, education, health, housing, manufacturing, banking, insurance and



consumer cooperatives is instrumental to ensure both human security than other forms of organization – state or private sector.”

He referred various reports confirming as cooperatives are better suited for addressing crucial aspects of human security is better suited for addressing crucial aspects of human security is a global-no-literal due to their ownership character and global solicitory. ILO (2009) mentions that cooperatives are more resilient in times of crisis than traditional enterprises and in general more cooperatives services and last longer than small business in the private sector. Based on the analysis of financial stability of 16,500 financial institutions across 29 countries comparing credit unions/cooperatives banks vis-à-vis commercial and savings banks and concluded that not only were credit unions or cooperative banks more stable than commercial banks their large presence also supported a country’s financial sector stability.

“When financial crisis lead to economic and then to social crisis, state mechanism often fails to rescue the system and people’s protest can even pose a threat to political system whatever democratic it is. Cooperatives provide lifeline economic services even at the time of such crisis and can actually safeguard the democratic political system, while also protecting human livelihood.” Dr. Khatiwada said.

“There are several channels through which cooperatives can promote human security in Nepal. Some of them are food security, health security, energy security, environment security and social security” he continued saying.

Explaining the food security Dr. Khatiwada claimed, saying “Agricultural cooperatives along with ensuring food security also help to maintain higher level of income, making small farmers able to construct decent home, send their children to school and provide health insurance to sustain rural livelihood. They also have the advantage of accessing cooperative education and business development capacity building.”

Explaining the role of cooperatives for protecting health security Dr. Khatiwada said that health security is important for human life and incorporate relative freedom from disease and infection and ability to access to better survival, livelihood and dignity. A people centric approach to health is the essence of human security.

“Health is both a direct component of human well-being and a form of human capital that increases an individual’s capabilities. Better health significantly contributes to economic development and to the reduction of poverty and income inequality” he continued saying.

“Nepal still lags behind in universal health care facilities and provisions. Health cooperatives are yet to evolve as universal facilities in the country and can become important institutions of basic health care and accessing health service to the poor in coming years.”

"Community health centre can develop as membership based cooperative enterprises with a greater autonomy in governance and financing structures. Very nominal numbers of health cooperatives have very basic and health insurance schemes. Their role in the health services is very immense," he added.

Mentioning an importance of housing Dr. Khatiwada spoke that housing has been a basic human rights and an indicator of human security. Decent housing is a key component of human security as it is



linked to physical protection from adverse weather condition, security from external threat availability of basic amenities like water, future and sanitation facilities, and safer indoor facility for cooking, heating, reading and learning activities.

He continued saying that housing has not been seriously taken as a state responsibility except a small initiative of low cost housing scheme designed for the absolute poor and excluded class in a few districts of Nepal. There are very few cooperatives directly dedicated to housing cooperatives which can take up the responsibility in loan facilities to construct houses for immediate action.

Elucidating the importance of energy security through cooperatives Dr. Khatiwada spoke that cooperatives as member-based organization are responsible to meet the economic and social needs of their members. Their needs are best served with the sustainable, equitable and judicial use of the available natural resources like energy.

He further added that as locally rooted institutions and as enterprises operating under cooperative values and principles that include social and environmental responsibility and caring for their communities they strive to serve members not solely in economic terms, but also in terms of wider social, cultural and environmental benefits.

He presented evidence that World Bank, UNDB and ILO studies show success of energy cooperatives that they are effective in addressing the need for access to modern and affordable energy and then they offer a successful model for rural electrification and can effectively harness locally available decentralized renewable energy.

He continued, saying, "Cooperatives have been key players in electricity distribution in several advanced countries. In the US in the 19th century, when the electricity grid only covered major towns and rural householders did not have access to the emerging central system, energy cooperatives made it possible for rural households to access electricity. Even Nepal has made significant progress in access to modern energy sources – electricity distribution, generation of solar energy, renewable energy, too."

Pointing out the environmental security through cooperatives Dr. Khatiwada laid down that environment matters a lot to human security. People's wellbeing, in fact, is strongly related to the environment in terms of among others health, earning capacity, security, physical surroundings, energy services and decent housing.

He also focused on that in the rural areas, poor people may be particularly concerned with their access to and control over natural resources, especially in relation to food security. Even in urban areas, for poor people, access to clean water, and environment may be a priority.

Highlighting the situation of environmental security Dr. Khatiwada said that as the state's capacity to deliver clean water is constrained and due to resource and government failure, the same cannot be delivered by the private sector unless it is profitable. If such services are made profitable business, they are run to be unaffordable. Cooperatives being socially and environmentally responsible business can help environment security to the citizens along with the partnership of the government.

"Cooperatives can promote environmental security through three channels: 1) organizing people and community members into cooperatives to conserve, promote and utilize the natural and environmental



resources while also doing business 2) by enjoying in green business like agriculture, plantation crops, forest based fruits and herbal products, and 3) by setting code of conduct, self-regulation, and public accountability in lending practices of savings and credit cooperatives, Dr. Khatiwada seriously pointed out.

He stressed more focus on environmental security, saying "It is highly important for poverty reduction and human security. This is also for the reason that the impact of environmental degradation is higher for the poor than for the rich. The overwhelming majority of those who die each year from natural or man made disaster are poor people. All over the world, it is poor people also generally live in ecologically fragile lands, nearest to the flooding rivers or dirty factories, busy roads and dangerous waste dumps."

He continued saying, "Not much contribution has been made through cooperative movement in Nepal in front of environment and climate change adaptation. These tasks have been left to the government and community organizations like forest user groups. Poverty reduction and environmental protection being the two facets of the same coin, it is time that cooperatives heavily are engaged in the area of environment protection and make their use for the community benefit."

Explaining the creation of employment security and poverty reduction Dr. Khatiwada said that creating gainful employment and ensuring decent jobs are the best way to reduce poverty and empower people.

He further said that the concept of decent work and the notion of inclusive economic growth resonate well with the cooperative model of economic and social development.

"Cooperatives are also providing more quality job opportunities for youth, women, indigenous people, persons with disabilities and other marginalized groups. Their ability to integrate women and youth into workforce is particularly important as these groups' discrimination and poor opportunities for employment" stated Dr. Khatiwada.

He critically spoke the definition of poverty as a lack of essential items such as food, clothing, water and shelter needed for proper living. But broadly defining it is a condition characterized by severe deprivation of basic human needs including food, safe drinking water, sanitation facilities, health, shelter and information. Looking into there components they are very much similar to the components of evolving concept of human security. In fact human insecurity aggravates poverty and deprivation.

"Poverty is strongly linked with access to basic needs and facilities. Access to services is also an important correlate of poverty. During a period of the last 15 years, accessibility has improved almost universally for all types of facilities like schools, health posts, roads, agricultural centre, banks and financial institutions, infrastructure services. In accordance with surveys (CBS-2011) 20 percent of households have to walk two hours and more to reach the market."

"Cooperatives can play a big role in promoting such market centres through developing small infrastructure, collecting production and making exchange possible with basic banking and financial services like cash withdrawals, deposit and credit. The role of marketing and saving and credit cooperatives could synergize the market development process" stated Dr. Khatiwada.

Expressing importance of social protection programmes they are essential to aggrandize income and to reduce social inequality and conflict potential.



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“Social protection scheme works as cushions against crisis – either financial and economic crisis or natural disaster related crisis. They can also serve as a tool for income distribution and reducing the inter organizational transactions of poverty for social justices and inclusion and for protecting people at the threshold of poverty from falling below and poverty line,” added Dr. Khatiwada.

He further said that regarding the social protection of people, state alone is not capable of ensuring it till the date, nor is private sector’s coverage of social protection. So far in Nepal, public sector resources are limited and private sector labour market is mostly informal and most people are vulnerable to regular source of livelihood, education, health and social security.

Confidently he spoke that the best way to ensure universal social protection is to create gainful job opportunities, make education and health services accessible and affordable, and make provision for old age, sickness and job losses.

He made a suggestion that the Nepalese cooperatives must work towards generating jobs, making quality education and health services accessible and affordable to their needs, members and introduce social security provisions in the business as they operate.

Highlighting glimpses of the Savings and Credit Cooperatives and financial sector Dr. Khatiwada said that over the last two decades Nepal’s landscape has considerably changed. The financial sector in Nepal took a momentum with the emergence of cooperative sector and private sector in the promotion of commercial banks, development banks, financial companies and micro-finance institutions. The financial system is now offering a wide range of financial services to the people through the formal and semi formal financial institutions.

He stated that development of the micro finance services including through cooperatives is the pressing need to promote entrepreneurship, generate self-employment, create income for the poor, ensure inclusive economic growth, reduce rural and urban poverty, and empower people. In this context savings and credit cooperatives are emerging as important players in the Nepalese financial market.

Presenting some recent important financial figures, he stated that as of January 2014, savings and credit cooperatives have been able to mobilize more than Rs. 25 billion as share capital, accumulate Rs 2.5 billion as reserve fund, collect deposit amounting to Rs. 120 billion and external loan of Rs. 102 billion. In this process they have encompassed 2.3 million members – nearly half of their being women and providing office employment to more than 30,000 persons women being more than men, quite unable in other formal sector. The ownership of such cooperatives is highly inclusive compared with that in banking industry. As such in the banks and financial institutions which comprise of 10 fold higher financial operation than the savings and credit cooperatives, there are only 18,300 promoter shareholders and big 100 borrowers enjoy the same amount of credit as extended by cooperatives to millions of borrowers.

He further added that cooperatives have been instrumental in financial inclusion, 15 percent of the agricultural households who have access to financial services are served by cooperatives compared to ADB covering 13 percent agricultural households and commercial banks covering just 9 percent for the households.



He also expressed concerns on the sustainability of savings and credit cooperatives when they are operating with the high interest regime, providing risky business loans, and dealing with clients who are either out of membership or are secondary members made solely for savings and credit purposes.

There are some serious issues in savings and credit cooperatives – the requirement for suitable legislation for regulating such cooperatives, effective supervision and monitoring arrangements, addressing to members based on business activities, setting good governance practice, putting internal control in place, following ethical practices in business and bridling the temptation to make and distribute undue profit.

“Initiation of bad banking practice and over credit concentration to risky areas – real estate has also been a matter of concern. There is a need that cooperatives look for innovations: be smart to design products as per needs of the people, will be ready to work with difficult geography, scattered settlement, subsistence agriculture, and socially excluded community,” he continued to rare risky areas, and innovative ideas.

Presenting some key issues Dr. Khatiwada said that these issues are philosophical issue, institutional limitation, elite captures, capacity constraints, donor indifference, ethical questions. Each issue is explained in brief.

Philosophical issue: Cooperatives are business model exercised by all kinds of political systems – capitalist, socialist or mixed economics. Philosophical arguments are for and against the model. In Nepal three pillar economic models – cooperatives, government and private sector.

Institutional limitations: “There are legal and regulatory limitations to promote cooperative business in a healthy manner. Anecdotal cases of fraud, irregularities, misappropriation and concentration on easy business have given a worry message about cooperative movement although there are institutional, legal and regulatory frameworks for cooperatives.”

Elite captures: “The cooperative movement has faced aberration because of some elites being able to enter the business and run economic activities for making undue profit through a largely unregulated business environment. Besides, people organized in the cooperative movement are not all belonging to the lowest education of the society, not they are from the hard core poor or from the remote areas of the country.”

Capacity constraints: Cooperatives are needed for those who are, otherwise incapable to raise their livelihood through business enterprise or economic activity, have less access to resources and opportunities, and possess no or cooperative in community social and economic decision-making. They require literary orientation to business activities or enterprises, skill enhancement to undertake business enterprise. They lack capacity of running business.

Donor Indifference: “The achievements made with various forms of cooperatives in employment creation, income generation, and poverty reduction are clearly acknowledged at national and international levels. Yet the development potential of cooperatives has not been properly recognized and main streamed by key external development partners into their inclusive growth, poverty reduction, trade and development, and social protection strategies.”



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"It is also flagged that the conspicuous silence about the potential role in socio-economic development is observable due to the apparent lack of knowledge about cooperatives by policy experts in the leading development organization such as IMF, World Bank, WTO, UNDB, UNCTAD, UNDP and other UN agencies, etc. Main-streaming cooperatives into national development strategies of Nepal development partners are very scantily. In case of Nepal, NGO's are better treated as development partners than cooperatives." By Dr. Khatiwada said.

Ethical questions: Describing the identification of ethical or unethical financial business Dr. Khatiwada spoke, "business ethics are moral principles that guide the way a business behaves. Acting in an ethical way involves distinguishing between right and wrong are then making the right choice. It is relatively easy to identify unethical business practices."

"Cooperative must make some profit for its sustainability for return to its members to develop capacity, to undertake social responsibility, and to motivate its employees. But returns for cooperative shareholders' capital should not be achieved at the expense of social environmental and moral considerations."

"In the present day world, many companies including some cooperatives maximize profit unethically via unhealthy business practices, which can lead to a loss of trust and respect to cooperative business from the society" said Dr. Khatiwada.

Concluding his presentation Dr. Khatiwada said "As political, economic and social power continues to be concentrated in the urban elites, and given the patriarchic and cast-based society, majority of the population residing in remote areas, women and disadvantaged minorities have continuously been marginalized from the share of development benefits and continue to face human insecurity."

"Overly entrusting the weak institutions of the state to deliver these developments in a short span of time or expecting a profit seeking and socially less responsible private sector for the same would also be a tall order."

"In the mixed economic system intending to develop institutions towards a socialistic economy, there is hope in cooperative institutions and this should not fade due to that mismanagement the movement being captured by the elites and well-to-do persons of the society."

He further stated that cooperative system can create environmental security, and activities can be carried out in accordance with the environment.

Dr. Khatiwada ultimately expressed good wishes that it may make contributions to strengthening the democracy of coming days.

Comments of panelists

One of the panelists Mr. Bhima Subrahmanyam spoke as a panelist that while making comment on Dr. Khatiwada's paper, Mr. Subrahmanyam appreciated it and covered different dimensions of the cooperative system and the Nepalese cooperative movement as such.

He also thanked the organizers of the First National Cooperative Congress and expressed, good wishes for its grand success through the contributions of different views and innovative ideas expressed during the holding of sessions.



Informing about the historical background of the Indian cooperative movement Mr. Subrahmanyam said that based on recommendations made by Sir Federick Nikolson in 1896, the Cooperative Credit Act, 1904 was issued and was the introduction of the cooperative movement in India for the promotion of agricultural development, particularly rural cooperative credit. Mr. Subramanyam focused on institutional credit system.

He continued, saying that the present institutional credit system comprised, of (1) rural cooperative credit institutions, (2) commercial banks, (3) regional rural banks under the supervision and regulation of Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Bank of India (NABARD) and of (1) urban cooperative Banks, (2) urban credit societies.

He also elaborated the three tier federal pattern of cooperative credit structure- State Cooperative Bank, District Central Cooperative Bank and Primary Agricultural Credit Societies.

Other panelist, Mr. Haji Mat Jusoh expressed that he was delighted to be a panelist in one of the important sessions of the First National Cooperative Congress and extended thanks to a group of organizers who gave him opportunity the same.

Mr. Jusoh made a comment on the paper and said that it was very comprehensive, informative and intellectual too.

He stated about the Malaysian cooperative movement that it developed strategies to control the rising cost of living and its vision of twenty-twenty as announced by ICA.

Open Floor Discussion

Questions were invited to the delegates. Some questions were listed below

- 1) Can cooperative run services like ATM?
- 2) Is cooperative covering a district?
- 3) What is the role of Cooperative Bank on Cooperative community farming and livestock farming? (Central Vegetables and Fruits Cooperative Union)
- 4) How is the role of Central Bank to safeguard cooperative risk as that of oriental cooperative?
- 5) What is the possibility of recovery of funds misappropriated by the troubled cooperatives? (Mr. Tulsi Sapkota)
- 6) Who is responsible for the amount embezzled in cooperatives? Who will take the responsibility for the protest programme staged by the victims of troubled cooperatives outside the National Stadium? (Mr. Manab Prasad Adhikary)
- 7) Where is the cooperative concept of federation?
- 8) What can cooperative expect from NRB since the investment is being done by the banks? (Mr. Kuber Shrestha)
- 9) What sorts of expectation are from the NRB in Agriculture sector? (Mr. Kalpana Shrestha)
- 10) Whether NRB can make wholesale lending or not?
- 11) What is the provision of tax exemption in agricultural instruments/equipments?
- 12) What are the reasons to stop loan issuance to consumer cooperatives by the Nepal Commercial Bank and Agricultural Development Bank? (Mr. Nava Raj Sapkota)



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Replies from Dr. Khatiwada

- 1) Cooperative is fitted in all the political economic systems popularly adapted by the people in the world. That is why cooperatism is simply transformation.
- 2) Health cooperative is entirely different from the health insurance.
- 3) Human society is solely responsible for the safety of human health. The health cooperative must move forward for it.
- 4) The law makers' duty is to make the cooperative law practicable. NRB will help for this.
- 5) It is not important matter about the facilities which are already mentioned in the Nepal economic law.
- 6) If cooperative is economically and technically sound it can adopt the appropriate technology.

Chairing from the chair of the session of the Congress Mr. Shanta Raj Subedi, secretary of Ministry for Finance, thanked a lot, to the organizers who gave him an opportunity to chair the session, and to presentator, NRB Governor, Dr. Khatiwada who presented his working paper.

Mr. Subedi appreciated the paper which is very comprehensive and informative. He also expected that the paper would guide the participants about the cooperative philosophy and various aspects of cooperative system and present status of the Nepalese cooperative movement and different issues being prevailed at present.

He stated that the Congress convened has been very timely because many current issues on the cooperative movement are very crucial. The Congress may help to find out proper solutions.

Mr. Subedi also pointed out that the distortions prevalent in the cooperatives are required to put under the control.

He opined that cooperatives at high levels should solve such serious distortions seen in the cooperatives with their own efforts.

Mr. Subedi further added that many members of the same family who are not even qualified to become member of cooperative are found to have operated the cooperatives. This has created the serious distortion there. He made suggestions that membership criteria should be strong enough and cooperatives should be under the tax framework and get registered under the value added tax (VAT).

He thanked the presentator, panelists and participants for their active participation with full cooperation for making the session lively and effective too and closed the session.

Part IV-7

Seventh Segment of the Working Session of the Second Day

Working Paper on:

“National Cooperative Policy and its Implementation”

Resource Person:

Mr. Suresh Pradhan, Joint Secretary, Ministry of Cooperatives and Poverty Alleviation





1. Resource Person

Mr. Suresh Pradhan, Joint Secretary, Ministry of Cooperatives and Poverty Alleviation

2. Chairperson

Hon'ble Rajendra Pande, Chairman, Nepal Central Health Cooperative Union

3. Panelists

- a. Mr. Netra Prasad Neupane, Member Secretary, National Cooperative Development Board (NCDB)
- b. Dr. Tirtha Dhakal, Joint Secretary, National Planning Commission
- c. Mr. K.B. Upreti, Managing Director, National Cooperative Bank/Nepal

Making brief highlights of the background of the seventh working paper Mr. Pradhan said that the cooperative sector has been playing an important role for the economic development along with the country's social and cultural sector through the social entrepreneurial development.

He further added that since the Interim Constitution of Nepal-2006 has adopted the policy to enhance the economic development through Government, cooperative and private sectors, the role of cooperative sector has been much more widened.

"Following the restoration of democracy the Government enforced the Cooperative Act, 1992, which has recognized cooperative as autonomous and independent body and prepared to create favorable environment for functioning it as per universally recognized cooperative principles. In accordance with constitutional arrangement cooperative sector has stood a very important sector for the national economic development although legal arrangement and various cooperative development agencies under the Government framework have been already made, but what was lacking was higher level Government body. In order to meet the dire need, the Government in 2012 set up a Ministry of Cooperatives and Poverty Alleviation. The National Cooperative Policy, 2012 also came into force" stated Mr. Pradhan.

He said that some critical challenges at present are found before the Ministry of Cooperatives and Poverty Alleviation, such as not-fully fledged implementation of the Act, not being the self-regulation effective, not facilitating the tax exemption and not making concessional loan available, not having clear policy for the operation of self-employment oriented-programme seen, institutional weakness-cooperatives and Department of Cooperatives bearing administrative responsibility for the development and promotion of cooperatives, etc.

Making major points mentioned in the National Cooperatives Policy. Mr. Pradhan said that vision for establishing stable and viable cooperative system, optimum mobilization of local labour, skill and capital for making a strong pillar of cooperative economy aiming at contributing to economic and social development as a long term goal, implementation of cooperative business activities, making governance in cooperatives, making cooperatives competitive and qualitative to promote partnership between Government and cooperatives, private and cooperatives and Government cooperatives and private, etc, inclusion of compulsory legal provision, strategies, operational policies, specific objectives for the policy implementation, etc. have been included.



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He further added that some important policies are also included in the policy such as awareness creation of cooperation – making cooperatives active in agriculture sector, other production and services, all sorts of business, establishment of good governance in cooperative sector, formulation of long-term planning, human resources, organizational structure and making legal arrangement.

Mentioning the implementation aspects of cooperative policies Mr. Pradhan stated, saying that there are some policies implementation aspects which are to make activation of the high level of “National cooperatives policy direction committee” effective, to implement the targeted project and programmes by classifying on the basis of policy activities and local based advantaged class, to make division of roles, functions and duties, responsibilities cooperatives/unions and Government and to establish amicable relation/task with private sector, to make skill oriented training programme, information dissemination effective, to extend organizational structure.

He further added that more important policies are included in the policies – to arrange budget for cooperative sector’s programmes, financial investment in cooperatives/unions, to make cooperative development fund effective, to bring implementation of contemporary cooperative legal procedures’ manual, to make cooperative transactions meaningful in the activities of poverty alleviation, diversified cooperatives/unions, to enforce the standard of good governance, institutional consecration/practice, to widen use of information technology, to enhance strong structure for manpower management projecting the manpower for cooperatives, to make study research and monitoring and evaluation effective.

Concluding his paper presentation Mr. Pradhan pointed out two major important units – “National Cooperative Policy Directive Committee” and “Cooperative Development Fund” to be created immediately. He also disclosed that the poor household identification programme has implemented in 25 districts.

Panelists

One of the panelists, Mr. Netra Prasad Neupane was making comments on the paper presentation.

He commented the presentation of Mr. Pradhan , who had covered very important points of the national cooperative policy and its process of effective implementation.

Mr. Neupane said that the policy implementation is not so easy as expected. However, he made a number of suggestions for its effective ways of implementation. Policy is to be implemented keeping in views of the existing policies, capacity building of the persons involved in policy implementation must be carefully paid attention to the regulation and monitoring. Accordingly, capacity building of cooperatives/unions must be paid attention, and study and research works must be done in areas of possibilities for improvement, and detailed plans must be formulated and brought in public through the serious observation.

Mr. Neupane extended many many thanks to organizers for giving him opportunity to act as a panelist in the 7th session and participants who cooperated to keenly pay his comment on the paper.

Other panelist Dr. Tirtha Dhakal expressed that he was very much to be as panelist for making comment on the paper presented already. He thanked the organizers who gave him a chance to make comment on the working paper presented by Mr. Pradhan, Dr. Dhakal thanked a lot to Mr. Pradhan who had



presented very important paper on policy which was of national interest. His presentation was very impressive and convincing. While making comments Dr. Dhakal appreciated the process of implementation of policy and suggestions given.

Dr. Dhakal also gave a number of suggestions for the implementation of policy.

“Cooperative sector must be especially paid attention in the economic planning while formulating plan at local and district level. Short-term, mid-term and long-term policy must be made. Organizational structure must be clear, implementation must be clear. However, challenges for implementation, coordination must be paid attention among stakeholders.

Other panelist Mr. K.B. Uprety extended happiness to be one of the panelists and thanked the organizers who gave him an opportunity to be a panelist in the session.

Making an appreciation of the presentation of working paper presented by Mr. Pradhan, Mr. K.B. Uprety said that he (Mr. Pradhan) had clearly outlined the policy in details, and made suggestions for its implementation.

He also further added that Mr. Pradhan explained the current problems faced by the cooperative movement.

Open Floor Discussion

In course of open discussion, there were a number of questions asked by the participants. Some questions are listed below:

- 1) Mr. Santu Subedi, Kaski O.C. Vim Pokhara
 - Why was the women participation very low?
- 2) Mr. Shiva Ghimire: NCDB
 - Ever the fund mentioned by Mr. Netra Prasad Neupane same or fund used by NCDB or something not different?
- 3) Mr. Arjun Gyanwali, Rupandehi Community Savings and Credit Cooperatives
 - Should the National Cooperative Bank not pay an attention to the large scale industry development?
- 4) Mr. Haricharan Baniya, Jhapa
 - Has the budget been allocated for the marketing lapsed?
- 5) Ms. Pratibha Subedi
 - Why has the women's participation been very inadequately?

Replies from the presentator and panelists

Adequate information were widely circulated to the participation of male and female in the Congress.

The fund mentioned in the presentation was related to the policy. It was felt that enough marketing information were not available.

Speaking from the chair of the segment of second day session Mr. Rajendra Pandey said that he felt very happy to chair the session in which the seventh working paper was presented by Mr. Pradhan.



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Mr. Pandey made a remark on the presentation of the working paper that Mr. Pradhan presented his paper very nicely. His presentation was very impressive and convincing.

Mr. Pandey expressed a lot of thanks to the organizers who gave him opportunity to chair the seventh session of the First National Cooperative Congress, and good wishes for the grand success of the Congress.

Highlighting the national cooperative policy-2012, the Government of Nepal enforced the policy which was considered very timely when a large number of troubled cooperatives around the cooperative movement.

Mr. Pandey expressed serious concern of the problem-troubled cooperatives which have created havoc. However, he believed that the present cooperative policy will help solve problem of the troubled cooperatives.

He said, "Cooperative sector is considered as an important sector to mitigate the poverty and is a proper base to enhance the social and economic development endeavor. It also helps people in the areas where the Government and private sectors will not reach."

"Such important cooperative sector must be considerably given proper place in the national economic development plan," Mr. Pandey said.

Ultimately Mr. Pandey thanked presentator, panelists and participants who made significant contributions and cooperation from their respective positions in the session.

Part IV-8

Eighth Segment of the Working Session of the Second Day

Working Paper on:

“Taxation Issues in cooperatives: Future policy”

Resource Person:

Mr. Umesh Dhakal, Chartered Accountant





1. Resource Person

Mr. Umesh Dhakal, Chartered Accountant

2. Chairperson

Mr. Lal Mani Joshi, Secretary, Ministry of Cooperatives and Poverty Alleviation

3. Panelists

- a. Mr. Leslie Tussera, Additional Secretary, Ministry of Livestock and Rural Development, Sri Lanka
- b. Mr. Min Raj Kandel, Committee Member, NCF/N

Before presentation of his eighth working paper Mr. Dhakal said that he was very much pleased to present the working paper in the Eighth Segment of the Second Day Session of the First National Cooperative Congress and expressed gratitude to the organizers who offered him responsibility to work as a panelist.

Speaking in the session, Mr. Dhakal elucidated the historical background of the taxation law. He said that there are many kinds of taxation law such as Income Tax Act, Custom Tax, Excise Act, Value Added Tax Act, etc.

Mr. Dhakal traced the history of tax as Excise Act, 1992 in Nepal for the first time. "Other taxes are such as Value Added Tax Act, 1952, Income Tax Act, 2001, Business Income and Employment Act, 1960, Income Tax Act, 1962, 1974, 2002."

"The Income Tax in Nepal was formally announced on May 1960, with an enforcement of Business Income and Employment Act, 1960".

"The Business Income and Employment Act was important as formal taxation System in Nepal for the first time with definition of basic terms regarding business, employment and income, etc. It also set out procedures regarding tax assessment, collection, tax exemption, withholding taxation, compulsory income tax returns filing for some of the tax payers, fees and interest for non-compliance of the provisions and appeal in case of dissatisfaction, etc," said Mr. Dhakal.

Explaining the Income Tax Act, Mr. Dhakal stated, saying this Act under enforcement since 2002. It has also been revised many times to address the emerging and changing issues by the lapse of time.

He also further gave information that the Inland Revenue Department of Nepal has developed Income Tax Manual on a joint collaboration of external support and tax experts in 2009 and has been revised once in 2011 to address the different issues of income tax.

Highlighting the basis of accounting Mr. Dhakal said that there are two types of accounts – (1) Accrued basis of accounting, and (2) Cash basis of accounting.

He further added that under the accrued system of accounting, the expenses and income are booked when it is incurred or right to receive be established. The expenses and income are booked in books of accounts when the actual payment is made under the cash basis of accounting.



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“As per the current Income Tax Law, tax is charged to a person. The persons are broadly defined into two categories. (1) The natural person, and (2) Entity, cooperatives are included in entity as company for tax purpose. Thus, they shall maintain their books of accounts in accrued system of accounting for taxation purpose,” Mr. Dhakal said.

As also explained about the income tax that the Income Tax guides the nature of income to be included in its section 7, 8 and 9 of the Act. It has also detailed out the conditions for deduction of expenditure incurred by the cooperatives as per its section 13 and 21 of the acts. Likewise, other section of the act also defines about other requirements regarding tax accounting. The accounting treatments not specifically described in the Act, are dealt with the prevailing accounting standard of Nepal. In case of lack of any Nepal accounting standard in Nepal, the cooperatives are required to follow the international practices.

Showing an importance of time, place and method of tax payment Mr. Dhakal said very clearly that person liable to make payment under the Income Tax Act must make payment of tax at place specified by the Department of Tax for that person.

“Where no such place is specified for the tax payment, the payment should be made through the bank authorized to collect such payment. The taxes from the tax payer are generally recovered by two means – (1) direct payment of tax, and (2) withholding of tax.

In case of latter, the burden of tax deposit is shifted from actual tax payer to person who makes payment to the tax payer” said Mr. Dhakal.

“The Act creates liability on person who makes payment to the tax payer to withhold certain percentage of payment as prescribed. Such tax can be claimed by the tax payer and set off with the final tax liability of the tax payer. The withholding taxes are the taxes of the withholder. But failure to withhold tax by the payer number will place the burden of payment of certain fees and interest to the withholders (cooperative). Normally, cooperatives are withholding agents and law requires them to withhold tax on interest and other specified payments. Other persons (members of cooperatives) may withhold tax on such specified payments while making payments to cooperatives” added Mr. Dhakal.

Speaking of the existing tax rate, he said that it is 20 percent applicable to cooperatives which are allowed to compute the depreciation on property, plant and equipment at the accelerated rate. In other terms, they are also allowed to claim one third additional depreciation of depreciation expenses calculated as per Income Tax Act.

Mr. Dhakal reminded, saying that the existing Cooperative Act, 1992 facilitates the cooperatives such as exemption of registration fees revenue stamp fee of cooperative immovable property exemption, custom tariff or sales tax such as machinery, industrial and agro-machines, equipment, spare parts, raw materials, office equipment and means of transport, excise duty or sales, etc. However, the existing rate of income tax to cooperatives is still continuing 20 percent.

Making highlight on current tax payment system, he pointed it out such as

- 1) "(a) Nepalese Income Tax, and (b) The Taxation System are based on self-assessment of tax where a tax payer (cooperative/person) has to calculate and deposit their tax by himself. When tax payer



files the tax return for the income year, the self-assessment of the tax liability is deemed to be completed."

- 2) "If tax payer does not file tax return for the income year, there is no tax liability to the tax payer (coop/person)."
- 3) "In case the assessment of tax liability is not in line with the provision of Income Tax Act, IRD can re-assess the income tax liability of the tax payer (coop/person) to ensure the conformity with the Act"
- 4) "All tax payers including cooperative have to file tax return through e-return, it is mandatory provision, and Nepalese Taxation Authorities have used information technology to accept the tax returns."

"However, a portal has been developed by revenue administration where a tax payer is required to submit a logic for a return."

Citing examples of International Practices of Taxation on Income of Cooperatives Mr. Dhakal said, "In India cooperatives are given facilities and exemption and immunities- the cooperative share capital, contribution, or interest of a member, reserve funds cannot be attached to or sold by any court; any shares in a cooperative, any debentures issued society or interests hereof are exempted from registration: the government may make donations to the share capital, give loans, guarantee repayment of debenture and interest, and guarantee repayment of share capital dividend; and provisions of Companies Act and Monopolies & Restrictive Trade Practices Act are not to apply."

"In the Philippines cooperatives are not subject to any kind of government taxes; Business done with non-members accumulated cooperative reserves, and undivided net savings of not more than 10 million pesos are exempted from all national city, provincial, municipal or barangay (village) taxes of whatever name and nature."

"In Sri Lanka, cooperatives are exempted from payment of stamp duty, registration fee and some other government fees."

"In Malaysia, shares, subscriptions or interest of a cooperative cannot be attached or sold by any court"

"In Fiji, shares or interest of a cooperative are not subject to attachment or sale by any court"

"In South Korea, the business and the property of cooperatives and federations shall be exempted from taxes and other public assessment of the state or local autonomous entities except in case of custom duties and commodity tax"

"In Japan, the amount equivalent to the surplus dividends shall be paid by cooperatives as corporate tax. The Government may also subsidize part of the expenditures of the unions required for carrying out their business within the budgetary limit of each financial year."

"In USA tax is paid by a cooperative out of profit by reducing the amount paid as patronage dividends"

"In Nepal the existing Cooperative Act provides a number of facilities, immunities and exemptions etc. which have been mentioned earlier."

"Basically, cooperatives established at village development committee and municipalities not attached to metropolitan cities and sub metropolitan cities are exempted for tax."



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"Likewise, the forest and agro-based industries set up elsewhere in Nepal, are also exempted from Tax. But other cooperatives based on Metro and sub-metro of Nepal is taxable."

Explaining the some issues Mr. Dhakal said that some areas of income tax and value added tax are not applicable as per income tax and principles. Loan loss provision for savings and credit cooperatives is not applicable as per Income Tax Act; Education Tax, Health services tax and capital gain tax on income is not exempted to cooperatives thus it is against the government policy on tax exempt from all taxes and threshold of VAT too.

He also highlighted the Implementation of International Financial Reporting Standards (IFRS), which is supposed to be implemented with the maintenance of good governance through financial Nepal Government has committed to good governance through transparent financial reporting by the government of Nepal from 2015 and which does not make any concession to cooperatives in compliance of IFRS.

Making suggestion for future tax policy Mr. Dhakal added, saying, "Provisions are to be included such as: to allow the loan loss provision (LLP) to cooperatives, to exempt tax them having certain nature and volume of transaction, to give threshold for objectives for the fulfillment of welfare state objectives, to exempt education tax and health services for them to facilitate them for the exemption of capital gain tax, to pay an attention on enhancement of capacity of implementation of IFRS to Department of Cooperatives, to allow keeping book of accounts in cash basis, to provide total exemption of income tax to them and to create separate fund for the development of cooperatives from the revenue collected from them. Like in Bangladesh, to strengthen in the maintenance of book keeping and accountancy and auditing and regular monitoring.

Speaking at the eighth session of the Congress one of the two panelists Mr. H. Leslie Tissera of Sri Lanka whole heartily expressed happiness that an opportunity he got as a panelist was an important responsibility. He thanked the organizers of the Congress for the same and was also one of the delegates from Sri Lanka.

He said that as a panelist and delegate he believed that he would be able to make some contribution for the success of the Congress.

Pointing out the presentator Mr. Dhakal, said that the way of presentating the working paper was quite interesting and impressive.

He also added that the paper was useful to guide the delegates for understanding the Cooperative Tax Act and cooperative taxation system prevalent in some of the countries.

Mr. Tisser said that the importance of cooperatives is continuously increasing in the economic life of the people continuously around the world.

He also claimed that during the long period of the civil war until 2009, Sri Lanka was the country which had occupied largest per capital income countries within the SAARC countries because of contributions of cooperatives. After 5 years of the civil war has been over in Sri Lanka economic development has been doubled cooperatives being involved in multifarious activities which have been tax free.



Another panelist Mr. Min Raj Kandel extended thanks to organizers of the Congress who gave him an opportunity to act as a panelist of the eighth segment of the second day session of the Congress. Mr. Kandel was making comment on the paper presentation by Mr. Dhakal that it was quite comprehensive and enlightened the delegates on Nepalese taxation system particularly the income tax on cooperatives. He said that cooperatives have complied with the provision of the income tax at present. However, he added, saying that the government does not seem to improve any kinds of taxes related to cooperatives act and must exempt cooperatives free from taxes.

Open Floor Discussion

Series of questions asked by the delegates are as follows:

1. Mr. Nawa Raj Sapkota, Chitwan

- The Nepal government does not have any soft corner for facilitating cooperatives as it has provided facilities to commercial banks. Why is such disparate treatment so?

2. Ms. Hajuri Bista

- The products produced by women have to face VAT so that their marketing price is found to be higher than the products produced by others. How does it happen?

3. Mr. Madhav Dulal, Chairman, District Cooperative Union, Lalitpur

- When the cooperative deposits a certain amount of money to another cooperatives or banks, it has to pay 15 percent TDS while such system is reverse in case of the bank to bank deposit. Is such discrimination proper?

Replies by Mr. Dhakal

The facilities /immunities/exemption are given to cooperatives in accordance with the cooperative law.

Cooperatives have to make a strong approach to the Nepalese government for changing the policy on VAT and even taxation.

Following the closing the open floor discussion Chairperson of the 8th segment of Congress in the second day, Mr. Lal Mani Joshi thanked the paper presentator and panelists who made a nice paper presentation, and the valuable comments respectively. He also extended a lot of thanks to participants who took part very actively in the session. He closed the session expressing many thanks to all commentators and participants.

1) Resource Person

Mr. Deependra Bahadur Kshetry, Former Vice Chairman, National Planning Commission of Nepal (NPC)

Chairperson

Mr. Tripathi Prasad Thapa

Part IV-9

Ninth Segment of the Working Session of the Second Day

Mr. Deependra Bahadur Kshetry extended a warm welcome to the organizers of the Congress.

Defining Cooperatives Mr. Kshetry said, "They are as member-based voluntary organizations with the interest of the stakeholders sharing the outcome of activities conducted in the best interest."

Working Paper on:

"Cooperative in Youth Employment"

Mr. Kshetry highlighted the contrast between two Asian economic powers- India and China with 4.5 percent and 8.5 percent average economic growth respectively in the last 5 years while Nepal demonstrated rather a meager growth rate of average 4.2 percent over last 5 years economic growth.

Resource Person:

Mr. Deependra Bahadur Kshetry, Former Vice Chairman, National Planning Commission of Nepal (NPC)



Total GDP equivalent to US\$ 19.5 billion (Rs. 1701 billion) is contributed by the first sector (Agriculture, Forest and Mining)-35.3 percent, the second sector (Industry and trade) 28.7 percent, the third sector (Transportation, real estate)

"The total consumption is 68.5 percent of GDP leaving a residual of 31.5%."

"The per capita income comes around US \$ 717 (Rs. 62,310) and the average life expectancy is 71.8 years (MoP-2012)"

"In the first half of fiscal year 2013/14, total trade accounted 10.2 percent of GDP and the deficit of US\$ 2.9 (Rs. 266.8 billion), 76.2 percent of which is covered by the government."

"The total reserves during the review period recorded US\$ 1.2 billion which covers the merchandise and services import of 26 percent."

"The balance of payments recorded a surplus of US\$ 0.23 billion (Rs. 22.06 billion) over the same period last year. The current account recorded a surplus of US\$ 0.23 billion (Rs. 22.06 billion) over the same period last year."



1) Resource Person

Mr. Deependra Bahadur Kshetry, Former Vice Chairman, National Planning Commission of Nepal (NPC)

2) Chairperson

Mr. Punya Prasad Regmi

3) Panelists

- a. Dr. Bhim Neupane, Former Member, NPC
- b. Mr. Ravindra K.C, Board Member, NCF/N

Expressing happiness for inviting him to make presentation of the working paper entitled with a theme of Cooperative in Youth Employment, in the Ninth Segment of the Second Day Session of the Congress Mr. Deependra Bahadur Kshetry extended a lot of thanks to the organizers of the Congress.

Defining cooperatives Mr. Kshetry said, "They are as member-based voluntary organizations and serve the best interest of the stakeholders sharing the outcome of activities conducted in the institutions."

He stated, "Production-based cooperatives are popular among rural people while these with savings and credit as main functions are proliferated in townships."

Mr. Kshetry highlighted, "Situated between two Asian economic powers- India and China with 6.5 percent and 8.5 percent average economic growth respectively in the last 5 years while Nepal demonstrated rather a meager growth rate of average 4.2 percent over last 5 years according to the NRB report- 2013."

"However the fiscal neighboring giants have scaled down the economic growth estimates to around 5.5 percent by India and 7.5 percent by China, but Nepal enthusiastically is claiming 5.5 percent as stated by the Ministry of Finance in its mid-term budget review."

"Total GDP equivalent to US\$ 19.5 billion (Rs. 1701 billion) is contributed mainly by primary sector (Agriculture Forest and Mining) 35.3 percent, the second sector (Industry, electricity, construction and trade) 28.7 percent, the third sector (Transportation, real estate and education) 36 percent."

"The total consumption is 90.3 percent of GDP leaving a trivial of 9.3 for total savings."

"The per capita income comes around US \$ 717 (RS. 62,510) and per capita debt is US\$ 215 (Rs 18,780) (MoF-2013)"

"In the first half of fiscal year 2013/14, total trade accounted US\$ 3.9 million (Rs. 379 billion) with the deficit of US\$ 2.9 (Rs. 288.8 billion), 76.2 percent of which accounted with neighboring India."

"The total reserve during the review period recorded US\$ 6.4 billion (Rs. 624.6 billion) which can cover the merchandise and service import of 10.2 month."

"The balance of payment surplus of US\$ 0.9 (Rs 77.2) contributed mainly by 34.4 percent increased remittance over the same period last year amounted US\$ 0.27 billion (Rs. 26.56 billion) and the grant amount of US\$ 0.23 billion (Rs. 22.68 billion) and increase of 92 percent over the last fiscal year (NRB- 2014)."



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"With the budget presented and got through on time, unlike partial budget and/or untimely budget in the past few years- due to political uncertainty the targeted growth of 5.5 percent is hopefully materialized while the targeted inflation rate of 8 percent, may slightly be breached and was recorded at nearly double digits." said Mr. Kshetry.

Mr. Kshetry stated, "Women were given voting rights in Nepal in 1948. The 11th amendment of the civil code provisioned to apportion the ancestral property on equal footing among offspring and the parents. The land ownership certificates were possessed by 19.71 percent women as per agricultural census. Out of 5.4 million cooperative members, 25.74 women were found to have participated in cooperatives (CBS 2013). They were also more reliable in using credit and undertaking enterprises. Therefore, scope for inclusion of women in economic activities through their involvement in cooperative movement is vital both for employment generation and the economy as a whole."

"The disadvantaged group of people like schedule cast or Dalit not a caste group per se but are religiously, culturally and socially and economically oppressed. Majority of the Dalit households are economically weak, therefore tend to go in foreign employment. Dalit constitutes 31 percent of migrant households." said Mr. Kshetry.

"The bulk of the remittance sent by migrants was used for education and clothing followed by food. The vulnerable section of the community like Dalit has greater scope to be organized voluntarily to extend mutual help with the support of cooperatives" he continued saying.

He highlighted the workforce situation in Nepal saying, "The workforce that can contribute labour actively (age group 15 to 59) comprises 56.96 percent unemployed and partly unemployed portion of the people consists of 30 percent of the total population. Each year 0.45 million workforce enters into labour market. Almost daily 1,500 youths leave the country for foreign employment (NPC 2013). Fully unemployed population is 2.1 percent and 18.5 percent is inactive. Exodus (exist) of youth is said due to lack of employment opportunity within the country but dilemma lies there because in most industries including agriculture workforce is lacking. Almost hundred percent workforce in hair cutting saloons and shoe repairing jobs come from neighboring countries."

He continued, saying construction works are awarded to foreign companies. But choosing in work or phobia of foreign employment tempts youths to opt/choose for overseas countries.

"Till July 2014 the number of persons departing for foreign employment where 2,883,681. Out of them 81,648 were women. "

"People leaving country on different pretext/pretence including further study and engaging in employment were estimated nearly 4 million (excluding India) of which 11 percent women (Foreign employment Department-2013) were included."

"The average remittance amount was US\$ 1,117 (Rs 80,836) in nominal terms that come around US\$ 128 (Rs. 9,245) per capita transfer (CBS-2011). Remittance comprises around 23 percent of GNP. Its payment is available in almost areas where bank and financial institutions have opened branches. Even savings and credit cooperatives have got agencies to pay it in remote areas. Resource scant cooperative can forward to maximum utilization of remittance with attractive investment package." stated Mr. Kshetry.



"Cooperatives cover wide areas of economic and social activities and create remunerative employment opportunities within their scope. More than 50,000 people directly and 0.7 million people indirectly employed by them (NPC-2013). In agriculture, fisheries, import substitution through production and marketing activities could be promoted. Service sectors like educational institutions, health related services, transport services involve human skill and labour where cooperative enterprises could play vital role by managing and financing those activities. High potential of creating jobs thereby substituting the foreign employment charms exist." he added.

Explaining the place of cooperatives in the economy, Mr. Kshetry spoke that the Interim Constitution of Nepal has provided the role of cooperatives on equal footing with each sector of government, cooperative and private. Those sectors known as three pillars are responsible for the enhancement of the economy. On the footing the three year plan also placed the role of the three sectors having equal responsibility.

"As a communication of the development strategy the 13th Three Year Plan (2014-2017) has set on of the strategies as an inclusive, broad sustainable economic growth through the enhancement of the contribution from those three sectors (NPC-2013)."

"Approximately 30,000 primary cooperatives are registered and cover 10 percent of the financial transactions contributing around 3 percent to GDP. Nearly US\$ 2.03 billion (Rs. 200 billion) is recorded as the turn-over of the cooperatives."

"As stated in the national cooperative policy-2013, important aspect of the cooperative enterprise is the involvement of women representing 42 percent of the entire member of cooperative sector" he continued saying.

Mr. Kshetry added that restructuring of cooperatives is felt necessary and cooperative policy and strategy of promoting cooperative activities enunciated by the National Planning Commission envisage merger. He continued, saying that to strengthen the contribution of cooperatives to national economy through employment generation among youths reorientation of the enterprises needed.

"Women are deeply engaged in cooperatives. In similar footing youths should be lured towards cooperatives so that production and service oriented activity enhancement is possible. Medium and small enterprises development need not large amount to start and not complicated skill by only self-confidence and risk-bearing capacity and result oriented training." Mr. Kshetry added further.

Mentioning numerous organizations being involved in training the youths and enthusiastic person he said that they are identified as listed below.

- 1) Ministry of Industry, Commerce and Supply,
- 2) Department of Cottage and Small Industries,
- 3) Cottage and Small Scale Industry Development Board,
- 4) Council for Technical Education and Vocational Training (CTEVT),
- 5) Training for Rural Gainful Activities,
- 6) Industrial Enterprises Development Institute,
- 7) Ministry of Labour and Employment,
- 8) Training by NGOs and INGOs.



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These organizations are providing skill enhancement training enabling the youths to enter into job.

"It is felt that the situation of training makes more complex due to the duplicity of training programmes. Attention therefore, should go to coordinating the training programmes and make the financial resources spent worth," he added.

Making very significant suggestions more practical, more qualitative, more result oriented, more professional, Mr. Kshetry has made the following aspects to be taken up for immediate action.

- 1) Information sharing among the training agencies,
- 2) Addressing quality as per need of national and international market,
- 3) Avoid once an unhealthy competition among training institutes,
- 4) Need of coordination for exchange of number of training, content, curriculum, evaluation of quality training,
- 5) Best practices of resource persons for ensuring quality of products,
- 6) Making cooperative training centre in the frontline for skill enhancement training including financial and administrative management.
- 7) Facilitation of creation of self-employment funds, financial support, technical support through technical institutions and financial institutions.
- 8) Needs of continuous touch among the training institutions for providing them about their requirements.

Highlighting the euphoria/pleasant excitement of youths to go and gain experience once the lifestyle of the foreign countries Mr. Kshetry stated that such euphoria of youth has created phobia which has led youths to borrow money to find for their travel. Some of them have entangled with imminence travails/painful efforts.

Speaking before the participants how to make youths aware of cooperative spirit Mr. Kshetry explained that cooperative spirit is partially based on selflessness and spirit of communalism. Togetherness in most of the issues and cooperation and coordination for the interest of the group are some of the features of cooperatives. Since cooperatives are operated by individuals of different ideals it is likely that extraneous factors besides cooperative spirit may also emerge.

"Youth belonging to cooperatives should vow that vested interest and ideology guided by out-side cooperatives should not be allowed."

"Unity in thinking and work as well provides energy to flourish the ideals of cooperatives activities, the ideal that "One for all and all for one" should prevail effectively." he added.

Comment by Panelists

One of the two panelists Dr. Neupane commented on the working paper presented by Mr. Kshetry that it was well structured and informative data based.

Before making comments Dr. Neupane thanked organizers for inviting him to be a panelist on the very important subject matter working paper.



He added that the paper presentation was very impressive and it was workable for planner and policy makers and young generations.

He also explained that youths have phobia to travel abroad in search of new employment and he has shown a number of devices to get them avoided from such phobia and to absorb them within the country by injecting them through skill development training and self-employment creation making base of cooperative institutions.

He also thanked Mr. Kshetry who had made a very significant contribution to the best use of cooperative for productive purpose in the interest of country's development.

Another panelist Mr. Rabindra K.C. expressed that he was very happy to be a panelist for making comment on the very important paper presentation and extend a lot of thanks to the organizers for giving him an opportunity for the same.

Mr. K.C. also appreciated major points mentioned in the paper that they have helped inspire planner to develop plan and delegates to think about the efforts for absorbing youths within the cooperative movement.

He also said that 30,000 cooperatives have to be managed in a proper way, more than 4 million national migrants have, to be considered for absorbing them within the country and to save the amount of remittance and to be utilized it best for production purpose.

He also added further that there are serious challenges for reducing import and increasing export producing goods through cooperatives and for increasing training capacity for the youth in the areas of skill development for creating youth centre with fully-fledged resources in term of infrastructure and human resources.

Open Floor Discussion

Series of questions were asked by the participants during the session and listed in the following.

- 1) Ms. Indira Pant
 - Is the age group (15-29) to be changed?
- 2) Mr. Madhab Koirala
 - If the self-employment is generated the government has serious concern of declining revenue, what would be the proper remedy?
- 3) Mr. Radheshyam Suwal, District Savings and Credit Cooperative Union, Bhaktapur
 - How is lack of manpower if there is unemployment is rampant?
- 4) Mr. Ganesh Basnyat
 - How far was presented data implemented?
- 5) Mr. Govinda Rimal
 - What is the position of youth in cooperative sector?
- 6) Mr. Prem Lamichhane, Baglung
 - How does youth cooperative use soft loan?



7) Mr. Dhurba Narayan Yadav, Janakpur

- How does cooperative make profit and take opportunity for its much improvement?

Replies for questions

Mr. Kshetry responded the questions in the following.

Based on the active life of a person the average life age has been considered ranging from 15-59.

There are different natures of jobs. In accordance with the nature of job, proper type of manpower is required. If such manpower is not available then required manpower may be met through open competition or from the open market.

Therefore, the unemployment problem is entirely different from lack of manpower.

The position of youth in the cooperative sector is quite good. But they need training in order to meet the capacity for the cooperative development.

Cooperatives have been making necessary effort to provide the soft loan getting it from the poverty alleviation fund.

Cooperatives should be properly run either in profit or in breakeven. While running them, loss may occur. Necessary efforts should be made effectively.

Mr. Punnya Prasad Regmi speaking from the chair expressed that he was very happy to chair in the session of presentation of the working paper presented by Mr. Kshetry.

Mr. Regmi said that Mr. Kshetry's paper was found to have widely covered the concerned subject matter with close dealing with cooperatives.

He expressed with full confidence that his paper would be a very useful guidelines for absorbing the youth within the fold of cooperative movement and help create the self-employment through the medium of cooperatives.

He also thanked paper presentator, panelists and participants who had supported him in order to make the session successful.

1) Resource Person

Dr. Hari Krishna Upadhyaya, Advisor, NCF/N and Former NPC member

2) Chairperson

Part IV-10

Tenth Segment of the Working Session of the Second Day

Working Paper on:

"Role of Agriculture Cooperatives for Economic Development"

Resource Person:

Dr. Hari Krishna Upadhyaya, Advisor, NCF/N and Former NPC Member





1) Resource Person

Dr. Hari Krishna Upadhyaya, Advisor, NCF/N and Former NPC member

2) Chairperson

Mr. Jaya Mukunda Khanal, Secretary, Ministry of Agriculture Development

3) Panelists

- a. Mr. Ashok Dabas, Member, Governing Council, National Cooperative Union of India (NCUI), India
- b. Mr. Dilli Ram Tiwari, Board Member, NCF/N

Expressing good wishes and congratulation for organizing such a grand historical cooperative Congress Dr. Upadhyaya extended thanks a lot to organizers for inviting him to present a working paper on Role of Agricultural Cooperative for Economic Development.

He also expressed that the Congress may make a lot of contribution to the economic development through cooperatives.

Explaining the historical background of the cooperative development Dr. Upadhyaya said that in view of the inner core of human nature the cooperative development can be found to have been sentimentally combined with the human civilization.

"Since the ancient age formal or informal organizations based on cooperation of various nature were in operation in the different countries. Such organizations are found to still exist. In the context of Nepal informal cooperatives such as trusts, religious grain stores, Perma, etc. being continuously operated are examples. However, the history of modern cooperative movement has passed not more than two centuries but its extension and pervasiveness have been worldwide." said Dr. Upadhyaya.

He also added that the cooperative movement started from Manchester, England in the year 1844 moved very long time and productive steps forward till today.

"In the world of today it is looked at most powerful and effective institution operated at local level for the economic, social and community development. Its growth is being continued from the numerical and qualitative points of view." he added.

Dr. Upadhyaya spoke that the agriculture cooperative movement initiated in Denmark and Germany had made a lot of contributions to agricultural and rural development and still continuing them.

"In accordance with publication by ICA in October 2010, there are global 300 big cooperatives amount the one-third agricultural cooperatives. It is surpassing that in the list of 300 cooperatives the agricultural cooperatives have occupied the first position is Zen-Noh of Japan and which has mobilized the capital equivalent US\$ billion in the year 2004. The second largest cooperative is also the agricultural cooperative known as CHS of USA" he mentioned.

Explaining the cooperative movement in Nepal Dr. Upadhyaya, said that the Cooperative Act, 1992 has become an instrumental which has helped to rapid grow the cooperative movement which is covering wide areas of economic development. As a result the Interim Constitution of Nepal- 2006



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has recognized cooperative sector for the overall economic development. The cooperative sector is moving forward as one of the pillars for the economic development.

He also opined that there are three major reasons of development of cooperative movement such as (1) inability of government agencies not providing adequate support of necessary resources, and means and services easily and efficiently and pervasiveness of property and social sufferings, (2) adoption of liberal economic policy and laws following the reinstitutive democracy and (3) emphasis on organization of cooperatives, and its operation as institution for the participatory development in government and non-governmental sectors.

Making presentation of current situation of agricultural cooperatives Dr. Upadhyaya said that there are 29,526 cooperatives registered and out of them 7,095 are agricultural cooperatives. (In the fiscal year 2013/14)

"In spite of the numerous efforts made for agricultural development of the last 6 decades. The agriculture in Nepal is still traditional, subsistent and risky business."

"The country's economic growth rate is comparatively very low and unequal. Poverty, unemployment, malnutrition and pervasive dissatisfactions at people's level, indifference have been identity of Nepal. Due to lack of industries, process of unemployment majority of about additional three hundred and fifty thousand youths of every year in the labour market are bound to leave for foreign countries for employment. Many of them who are unskillful are involved in the jobs which are risky and low wage. It is certain that such employment helps economic relief from the remittance for the immediate period of time and would give negative effect in the long run. To identify the new employment opportunity and income generation carry out them within the country is the main basis not only of today's need but also of tomorrow's economy." stated Dr. Upadhyaya.

"Since about 80 percent people of the country live in the rural areas. More than two third of their labour force is concentrated in the agricultural sector. It seems that naturally development effort would have to aim at primarily focusing on rural and agricultural development. But in spite of different efforts of agricultural development the agriculture of Nepal has been more traditional subsistent and risky business. Most of the farmers' families' farm less than half hectare of land. They spend most labour and resource in food grain production. Such production cannot maintain food security."

"Development activities run by the central level are more expensive and local skills and resources are rejected and its result may not be easily reached at people's level on the one hand and there are programmes for planned and resourceful community level and based on people's participation on the other. Such programmes are run in a small scale they but become effective and sustainable from the product point of view if local resources and skill could be best use. In this context, the local community could be mobilized through the organization of cooperatives for commercialization of agriculture and promotion of industries. Its examples can be found in Nepal too." added Dr. Upadhyaya.

Explaining the role of agricultural cooperatives and their contributions Dr. Upadhyaya mentioned three roles (1) Social, (2) Economic, and (3) Institutional oriented, cooperatives have played a vital role to mobilize the various groups of people- women, schedule cast, poor, disadvantaged group of people, socially backward etc. Efforts were made by them to bring together into the cooperative fold.



Such social inclusiveness has brought a radical change in the human society through the elimination of social discrimination. Agricultural cooperatives have played a supportive role to create social capital and development. Some of them are engaged in supply of agricultural inputs, procurement of food grains, supply of loans, sales of products in the market. Such role helps to earn income and elevate their economic status as well as members. Another important economic role played by some of them is to eliminate the intersection of middle men and to provide cost of production to members through the arrangement of value/supply chain. And the institutional role played by the agricultural cooperatives are to mobilize agricultural produces, involve them for group marketing, decision-making, election, through their direct participation and training activities.

“Citing three cases in relation to cooperatives in Dhankuta Chandrawati Vegetable Producers Cooperatives established in 1997, Ramchhe, Kavre and Jorsalla Vegetable Seed Producer Cooperative established in 2008, Mathenkot, Kavre and Pabitra Janakalyan Farmers Cooperative established in 2001 in Surkhet,” Dr. Upadhyaya explained “They were involved in unseasonal vegetable production programme (1992-1994) with the technical support of Centre for the Environmental and Agricultural Policy, Research, Extension and Development (CEAPRED). With the support of CEAPRED Chandrawati Cooperative motivated its members to diversify varieties of vegetables and succeed to intensify their productions and made much income marketing them in potential market. The Jorsalla cooperative and the Pabitra cooperative also involved their members in vegetable seeds production and varieties of vegetable production.”

“Members productions of seeds and vegetables have considerably increased and members' income also have increased through the sales of seed and vegetables in the potential markets.”

“All the above cooperatives focused on commercialization of products, diversification of production, sales of products in the potential market, etc. they provided social services- health service, education, creation of self employment, elimination of discrimination among the different classes of people, women, schedule cast, poor, disadvantaged group of people, free from exorbitant rates of interest on loan, food security, increase of nutritious food, etc. were found to be positive impact in within the cooperatives.”

Mentioning basic needs of current cooperatives Dr. Upadhyaya pointed out that there are three basic needs such as (1) proper and supportive policy, law and regulated environment, (2) adequate organizational capacity, and (3) appropriate technique and physical infrastructure and management of supportive system.

As mentioned earlier, the state is responsible for meeting the first need whereas the supportive agency and cooperative itself have major role to meet second and third needs.” added Dr. Upadhyaya.

“In accordance with the study carried out through the Ohio University of USA, which has pointed out three characteristics for the success of agricultural and production oriented cooperative such as (1) Identification and certainty of proper market, (2) Adequate internal capital and (3) Effective management.” Dr. Upadhyaya referred.

He also further said that the recent study on 51 cooperative of USA had put emphasis in need of institutional and organizational capacity.



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He also mentioned that the same study had shown 4 major identities required for the success of cooperatives for the long lasting sustainability: (1) size of business and volume, reliable financial information flow, and past experience of committee and trained management, (2) sufficient value and size of business and effective market negotiation with profit-oriented business, (3) substantive sizable business for members' satisfaction and trained committee and management, and (4) adequate sizable business, reliable and contemporary financial information flow trained committee and management.

Dr. Upadhyaya precisely was of the view "The organizational capacity of cooperative specially volume of business and its size and operational procedures." He further added "According to their various studies that it is natural not to see the big technical and physical infrastructure arranged by the state."

He also emphasized mentioning, "In the context of the Nepal particularly the results of the studies done in USA are importantly remarkable for the institutional development to cooperatives."

"Any movement which has self assumed is relied on the long-term vision for achieving the ultimate goal. Generally, it is based on possible role which can be played for creating the society aimed at achieving the long-term vision and needs of the nations. For instance, in view of cooperative movement can make a high contribution to create peaceful, precarious and non-dissemination society through the attainment of the long-term vision."

"To achieve the certain goal the cooperative movement must take the certain basic steps or some certain standards to be fulfilled. Those standards will be the future direction of the modern cooperative movement. The vision of cooperative must be directed towards the vision for the year 2020." Dr. Upadhyaya suggested.

"In the context of present Nepal there are three major basic pillars where the cooperatives can stand for achieving the future goal. From certain point of view of standard the cooperative movement must attain the abilities of interrelated three aspects- (a) capacity enhancement, (b) organizational development, and (c) institutional development." Dr. Upadhyaya said with some suggestion for strengthening cooperative movement.

Elaborating three basic aspects mentioned earlier Dr. Upadhyaya explained each of them as- capacity development includes capital mobilization and development, technical and infrastructure development, skilled management, human resources, and skill development, women entrepreneurship, member entrepreneur development, community mobilization and development, member education and training arrangement, transparent and effective accountancy and administrative system, etc. as organizational development includes member mobilization and extensive leadership development and transparent management and as- institutional development includes area and influence of institutional development beyond the external cooperatives, formation of government and its policy and regulatory rules, creation of legal and regulatory environment and balance between regulation and control, support of the concerned agencies and cooperative capital development, education and training, transparent cooperative registration, monitoring, merger arrangement, concerned agencies' cooperative-oriented working style, vision and behavior." he added.

Dr. Upadhyaya concluded his presentation of some problems with suggestions- weakness in registration of cooperatives, monitoring and evaluation, impractical tax system, unequal legal views on rural



agricultural cooperatives and urban cooperatives, lack of promotion of infrastructure and other support which are the main problems at present and which could be addressed as soon as possible for remedial purpose.

Comment by Panelists

Expressing happiness, one of the panelists Mr. Dabas NCUI Governing Council Member, extended a lot of thanks to the Congress organizers for giving him an opportunity not only to participate in the First National Cooperative Congress, but also to offer him for take an important responsibility of panelist in the presentation of working paper on the role of agricultural cooperative for economic development.

Commenting on the paper presentation Mr. Dabas said that the topic of the paper was very important at the present moment of the Nepali context.

He said that the paper was quite comprehensive and very informative with three case studies done in USA which included some examples with very useful suggestions.

He also commended that Dr. Upadhyaya's presentation was very impressive.

Making comments on paper Mr. Dabas said that food security is the serious concern of the government which can be assisted by cooperatives.

"The work of the food security is an integrated notion. It gives birth to the agricultural cooperative which not only ensures the food security but also economic security."

Mr. Dabas stated that India has public state policies which indicate animal husbandry, Jay Jawan and Jay Kishan relating to the agricultural development.

He also said that it is necessary that the government has to ensure the participatory economic development with adequate incentives to the people.

Mr. Dabas suggested to enhance fishery and forestry much and to promote agro technology not aggravating eco-balance.

Prior to conclude to make comment Mr. Dabas expressed good wishes for the success of the Congress and thanks to chairman of the present session, other co-panelist and participants for their kind cooperation.

Other panelist Mr. Tiwari expressed that he was very much thankful to organizers for giving him opportunity to act as a panelist for making comments on the working paper presented.

Mr. Tiwari said that the paper was contextual and quite comprehensive.

Mr. Tiwari added that farmers still do not have easy access to loan and agricultural inputs. He also stressed the need of integrated community based agricultural policy so that farmers may have an easy access to them. He also added, suggesting the agricultural cooperatives should be fully assigned to take over every activity from production to distribution and assisted by the government with full support.



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Open Floor Discussion

Questions were asked by participants are in the following.

1. Mr. Dinesh Kumar, Chuke, Chitwan
 - Why is the government not able to execute agricultural policy effectively?
2. Mr. Bhim Gurung, District Savings and Credit Cooperative Union, Kaski
 - Why were any of the cooperative products not enlisted in the paper?
3. Mr. Hari Bahadur Khatri, Gorkha Yhaltuy Cooperative
 - Why is the government facilitating necessary support to livestock farming especially goat rearing?
 - Why does cooperative not deal with insurance service?
 - Why does the government not promote industries?
4. Mr. Prem Subedi, District Cooperative Union, Banke
 - How can agriculture program be committed politically?

Replies from Mr. Ashok Dabas and Mr. Yaya Mukunda Khanal

Making replies of queries, Mr. Dabas referred the practices made in India and said that primary level cooperatives are provided subsidies when members' participation is made equally in terms of share capital. Operational loan also is provided. Such practices are different from one place to other in India.

It was realized that the agricultural cooperatives did not make their progress as intended due to a lot of constraints to meet necessary components which could make them effective.

Much production of vegetables reduced the rate of agricultural inputs and while outputs should be taken into consideration from the market point of view. Both the aspects- market and products were to be pre-studied.

Mr. Yaya Mukunda Khanal speaking from the chair expressed much thanks to Dr. Upadhyaya who had prepared and presented a very useful paper on very relevant topic on current situation of the cooperative movement and would be an important guidelines given to the cooperative movement.

He thanked Dr. Upadhyaya for his presentation of the paper and the suggestions to play significant role of the government, agricultural cooperatives and the stakeholders for strengthening cooperative movement.

Mr. Khanal expressed many many thanks to organizers of the Congress and good wishes for the success of the Congress.

He also thanked, Dr. Upadhyaya, panelists and participants who had very actively participated in the session, and contributors to the success of the session.

1. Resource Person

Mr. Kedar Neupane, Registrar, Department of Cooperatives

2. Chairperson

Mr. Saby Raj Dhimal, Secretary, NCC

3. Panelists

Part IV-11

Eleventh Segment of the Working Session of the Second Day

Working Paper on:

"Cooperative Law and Cooperative Good Governance in Nepal"

Resource Person:

Mr. Kedar Neupane, Registrar, Department of Cooperatives





1. Resource Person

Mr. Kedar Neupane, Registrar, Department of Cooperatives

2. Chairperson

Mr. Yuba Raj Bhusal, Secretary, NPC

3. Panelists

- a. Mr. Pralhad Mali, Cooperative Expert
- b. Mr. Shishir Dhungana, Joint Secretary, Ministry of Finance.

The working paper on Cooperative Law and Cooperative Good Governance prepared by Mr. Neupane was presented. While presenting it he was expressing that he was very much thankful to organizers who offered him an opportunity to present it.

Presenting the concept and scope of the good governance Mr. Neupane said that good governance as an essence/gist is nice and good governance.

“The purpose of the good governance has been linked with entire human happiness, peace, prosperity and progress. The basis of the sustainable and good governance is good governance friendly and strong legal arrangement, too. Consequence of the practices of universal cooperative values and principles is the human happiness, peace, progress and prosperity of equity based society as a whole.”

“As that good governance establishes close links with the country’s administration, in the same way its importance is high in the cooperative sector.”

“As the strong and clear legal arrangement is an important aspect among the various aspects of good governance in the state administration and Government areas, in the same manner the legal arrangement made in the cooperative sector for the preparation of guaranteeing good governance in the cooperative sector.” said Mr. Neupane.

Explaining the basic elements of good governance, Mr. Neupane spoke that it is necessary to pay special attention to follow the basic elements of the good governance for maintaining it in the context of legal arrangement in relation to the application of universally recognized cooperative values, principles and their uses in Nepal: responsibility, transparency, participation, rule of law, process of consensus-based activities, equal opportunity, improvement of management, decentralized management, interaction with members, management of human resources, sensibility, effectiveness, etc.

Highlighting the historical background of the cooperative laws in the past Mr. Neupane mentioned the making authoratively departmental structure in 1953, registration of cooperatives and their operation in 1956, Cooperative Societies Act, 1959, Cooperative Society Rules, 1960, Sajha (cooperative) Act, 1985, Cooperative Act, 1992 and Cooperative Rules, 1993, inclusion of cooperative state policy for the country’s economic development under the Interim Constitution of Nepal – 2006. Analyzing the cooperative legal provisions and good governance, he pointed out some following major provisions in pointwise that:

1. “The preamble of the Cooperative Act includes mutual cooperation and aspects of cooperation to be followed for the economic and social development of farmers, individuals with low capital, low income earners – labourers, landless and unemployed, general consumers.”



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2. "Legal arrangement of organization of cooperatives and their operation."
3. "Eligibility of becoming members of cooperatives."
4. "Enforcement of cooperative laws and by-laws approved by the Registrar of Department of Cooperatives."
5. "Arrangement of general assembly which is supported and committed to responsibility of management, transparency, management reforms, participation, and interaction with members on important aspects of cooperatives/unions activities."
6. "Arrangement of managing committees, accounts committees, sub committees, employees and advisors."
7. "Allocation of savings (Profit) and distribution of funds allocated for different purpose, opportunity, equally in cooperatives/unions, responsibility and sensitivity."
8. "Restriction in donation to political parties and religious organization, restriction in participation in contract award, not to be sale and auction of auction, maintenance of code of conduct, emphasis on rule of law, transparency, honesty, and member based business."
9. "Maintenance of books of accounts in relation to various transactions and activities in cooperatives/unions."
10. "Submission of information to DOC and enquiry and supervision by DOC, getting approval for auditing."
11. "Maintenance of autonomy and independence of cooperatives safeguard of rights through appellate provision."
12. "Any kinds of discrimination against native class of people's schedule cast, women, etc."
13. "Issuance of the National Cooperative Policy – 2013."

Mr. Neupane highlighted, "Some important means being used in order to maintain good governance: (1) issuance of cooperative standards, (2) reporting internal audit, organization of general assembly meeting, social audit and public debate, (3) issuance of code of conduct, (4) maintenance of cooperative principles on member economic participation, cooperative education, information and planning, and (5) cooperative values."

He spoke on problems identified in cooperatives that some of them have been identified as (1) weak internal control system (2) much work done in simply formality (3) increasing people of joint honored class and their command. (4) development of low volume culture. (5) increasing limits of transparency or just formality. (6) affecting negative impact on cooperatives by country's political instability. (7) negligence of production sector due to give prime importance for finance sector only. (8) trend to work making show as members, and (9) nodulè influence of a handful of people in cooperatives.

Mr. Neupane presented some suggestions for overcoming the identified problems such as needs for implementation of participation, decentralized working producer's style, publicly responsibility, transparency, clean working style, member satisfaction, organization free from corruption, ethical behavior, and capability in management, flow of efficient service, work proficiency, etc. which must be brought into action in accordance with the general laws and cooperative laws and cooperative values and principles.



Comment by Panelists

One of the panelists Mr. Mali expressed extreme delight to have an opportunity to be a panelist for making comment on the paper presented in the session under the Congress organized by NCF/N and its other partners thanked organizers of the Congress.

Speaking on the need of favorable environment Mr. Mali said that good governance is really worth of any organization to be proved for making it ethically sound and effectively progressive in every respect.

He added that it is necessary that there must be stable government and good governance for the maintenance of the good governance in cooperatives.

He also emphasized that for the maintenance of the good governance there should be clarity in legal provisions.

He further stated that legal provision should be cooperative-oriented and production-oriented so that it may be easier for the maintenance of good governance.

Another panelist Mr. Shishir Dhungana expressed thanks to organizers who had given him an opportunity to bear his responsibility as a panelist.

Mr. Dhungana highlighted the present situation of the good governance. He said that the cooperative movement has not been able to advance as expected.

"The regulatory structure is inactive and ineffective cooperatives have not been able to introduce new techniques and facilities necessary services."

"Cooperatives have not been able to maintain good governance in their activities carried out." he made comments.

Giving suggestion to improve the present situation of governance in cooperatives Mr. Dhungana insisted that cooperatives must use new techniques which could help them efficient and effective in flow of services required for members.

He put emphasis that cooperatives must be well-informed about the need and importance of good governance. The government also must be active in this regard.

Mr. Dhungana urged cooperatives to adopt participatory process in every action of their management and other activities and to learn about the supremacy of law for making cooperative smoothly and ethically operational.

He stated that government must recognize the members' voice and feelings when the cooperative policy is formulated and implemented. It must learn that this is the today's need.

When the election is held in cooperative, it must be free and fair. Members' participation in policy making process is required. Attempts are to be made to restore members' belief in cooperatives if something goes wrong in their operation.



Open Floor Discussion

Series of questions:

1. Mr. Tulsi Sapkota, Kathmandu
 - Good governance is stressed but why does the effort make to amend the law?
2. Mr. Mohan Singh Lal, Chitwan
 - Whether the cooperative museum is required or not?
3. Ms. Januka Bhattarai
 - Is there any plan to enhance industry and production based cooperative?
 - What can the state manage agricultural inputs for production?
4. Mr. Bharat Lal Shah, Sarlahi
 - How can the old assets owned by the cooperative and government be managed?
5. Ms. Samjhana Timilsina
 - Why does the Department of Cooperatives not join the existing cooperative network?
6. Mr. Shambhu Ram Acharya
 - How much progress did cooperative merger activities take place?
7. Mr. Indra Mani Shakya, Lalitpur
 - What sorts of measure should the good governance be taken for maintaining it in cooperatives?
8. Ms. Meena Sigdel, Banke
 - If a cooperative has encroached its areas of activities, the existence of all other cooperatives' are questioned, what sorts of action should such cooperative be taken?

Replies of questions

The resource person and panelists jointly replied the questions raised in the open floor discussion.

So far as the need and importance of cooperative museum is concerned, it is absolutely necessary. Its establishment is depended on the local cooperatives and the government.

To maintain the good governance it is necessary to make the cooperative's structure intact and to formulate the necessary policy.

The numbers of cooperatives have been gradually increasing. The government was of the opinion that they have been excess more than they are required from the available resources points of view. Therefore, merger of cooperatives has been a serious issue. However, if all depends upon how they would be managed. According to the available information 100 cooperatives have been in the process of amalgamation each other while more than 150 troubled cooperatives are found at the present moment.

Speaking from the chair of the session Mr. Bhushal was making remarks that in accordance to the feeling and spirit of the cooperatives and members they have felt lacking technical information in order to increase the productivity.



Informing about the preparation of plan Mr. Bhusal said that the National Planning Commission is prepared to make a production oriented plan for the cooperative development.

He was of the strong view that monitoring and evaluation aspects should be focused on the process of plan implementation and good governance.

He further added that if the growth of numbers cooperatives takes place much supports for self-centered development and members' share in their participation should be increased. This would help develop the national economy.

Just before winding up the session, Mr. Bhusal expressed that he was very much thankful to organizers who gave him an opportunity to chair the session. He also thanked the resource person and panelist and participants who had contributed to make the session successful.

Mr. Bhusal expressed good wishes for the success of the Congress.

Resource Person

Ms. Yamuna Ghale, Program Officer, Swiss Agency for Development and Cooperation

Chairperson

Part IV-12
Twelfth Segment of the Working Session of the Second day

She also expressed much thanks to organizers who provided her a opportunity to present the thinking paper.

Working Paper on: Ghale explained that the historical background of the cooperative which was formed in the spirit of cooperative and working together for achieving aims and success even
"Inclusion of Women in Cooperatives"

She continued, saying that following the hunting stage, as next stage, agriculture became the main domain where agricultural farming activities- plantation, harvesting, building necessary farming structures, sharing equipment became the precursor of the informal cooperative business.

Resource Person:
Ms. Yamuna Ghale, Program Officer, Swiss Agency for Development and Cooperation



(3) consumer cooperatives, (4) credit cooperatives, (3) retail and purchase cooperatives, and (6) social cooperatives."

"Whatever the nature of business and capacity of cooperatives, the activities are bound by the seven broad cooperative principles mentioned previously." Ms. Ghale said.

"Cooperatives are playing vital role in generating employment and income for many people around the world." Ms. Ghale said.

She referred some examples presented by ICA (15 March 2014) in relation to the promotion of employment and income, as "21,000 cooperatives provide employment to over one million in France which is 3.5 percent of total working population in USA, 30,000 cooperatives provide more than one million jobs, and 81 percent of Kenyan population derive their livelihoods from cooperatives", she claimed.

"Based on these examples it can be assumed that cooperatives are important players in shaping social, economic and democratic agendas and the processes."



1. Resource Person

Ms. Yamuna Ghale, Program Officer, Swiss Agency for Development and Cooperation

2. Chairperson

Hon'ble Om Devi Malla Joshi, Board Member, NCF/N

3. Panelists

- a. Ms. Prativa Subedi, Chairperson, Nari Chetana Kendra, Nepal
- b. Ms. Prabha Koirala, Board Member, NCF/N

Speaking on the occasion of the working paper presentation of her own, Ms. Ghale said that she was very much delighted to be a resource person for presenting the paper on the topics on "Inclusion of Women in Cooperatives" in the last segment of the second day session of the congress in the presence of participants representing the various countries.

She also expressed much thanks to organizers who provided her an opportunity to present the working paper.

Introducing her paper, Ms. Ghale explained that the historical background of the cooperative which was rooted in the values of cooperative and working together for achieving aims and success even during the hunting age.

She continued, saying that following the hunting stage, as next stage, agriculture become the main domain where agricultural farming activities- plantation, harvesting, building necessary farming structures, sharing equipment become the precursor of the informal cooperative business.

Ms. Ghale reminded the first cooperative started in 1844 during the industrial revolution period from Manchester, England spread not only over in Europe but also other parts of the world.

"Six types of cooperatives are broadly indentified (1) producer cooperatives, (2) worker cooperatives, (3) consumer cooperatives, (4) credit cooperatives, (5) retail and purchasing cooperatives, and (6) social cooperatives."

"Whatever the nature of functions and capacities of cooperatives, the approach or institution are bound by the seven broad cooperative principles recognized universally." Ms Ghale said.

"Cooperatives are playing vital role in promoting employment and income for many people around the world." Ms. Ghale said.

She referred some examples presented by ICA (15 March 2014) in relation to the promotion of employment and income, as "21,000 cooperatives provide employment to over one million in France which is 3.5 percent of total working population in USA. 30,000 cooperatives provide more than two million jobs, and 63 percent of Kenyan population derive their livelihoods from cooperatives", she claimed.

"Based on these examples it can be assumed that cooperatives are important players in shaping social, economic and democratic agendas and the processes."



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"The cooperative movement introduced in Nepal in 1956 as an important component of the first five year plan (1956-1961) includes 29,526 primary cooperatives, 285 district level unions, 17 tertiary level unions, one national level federation known as NCF/N." Ms. Ghala explained not less than 42 percent women's participation is found, women leadership in cooperatives is emerging gradually."

"Some issues related to utilization of women's potentials in the cooperative movement are (1) how best to utilize women's potential, (2) how to diversify activities and capitalize the important ideas and approaches, (3) how to involve women in both food and cash crop related to agricultural cooperatives so to balance food security and additional income priorities, (4) how best support mechanism are established, so women can be a part of cooperative movement at equal footage to men and how to derive gender responsive policies, strategies and plans and ensure its ethical implementation." pointed out Ms. Ghale

Keeping an approach of inclusion of different classes of people including women on humanitarian ground, and future prospect of women under the cooperative movement Ms. Ghale explained the analysis of strengths, weaknesses, opportunities and threat and their abbreviating from SWOT analysis which were mentioned under different head as:

a) Strengths include

1. Political support
2. Government's priority-three pillar policy
3. Historically- culture of cooperation and working together such as religious trust, religious oriented food grain store, mutual cooperation
4. Existence of cooperative act, policy and regulation
5. Strong willingness and large number of women participation in cooperatives

b. Weaknesses also include

1. Weak commitment in implementation
2. Lack of clear vision and space for cooperative growth
3. Inadequate gender sensitive provisions
4. Inadequate capacity including institutional set up
5. No specific provision for inclusion of women in cooperative act
6. Inadequate participation and presentation of women in decision-making

c. Opportunities include

1. Constitutional provision of 33 percent women representation
2. Favorable political transformation process
3. Social movement and its impact on women empowerment
4. Increased awareness and gender sensitization
5. International institutions and development actors support



d. Threats include

1. Pressure from globalization, liberalization and privatization
2. Elite control and poor governance of cooperatives
3. Resistance from private sector to accept cooperative as one of the three pillars of economic development

Explaining the future prospect of women's participation on cooperative movement Ms. Ghale said that there is an ample opportunity to frame the cooperative movement towards gender equality.

"Increasingly there is a wider recognition that cooperatives can and do work for women's social, economic and political empowerment" she said.

"It is time to seek for paradigm shift to recognize, promote and support women's role in leadership and other positions to make the cooperative movement more gender friendly and inclusive. This is a major goal to be achieved."

Highlighting a proposal for making empowerment of women Ms. Ghala presented its major components of paradigm as:

"Make Inclusive and democratic cooperative movement ensuring equitable space/position, voice and share of benefit to women under vision."

"Create an enabling environment for responsible, informed and competent management system with inclusion of women under mission."

In view of achieving vision and mission the following are set the main objectives are clustered into five major areas related to a) people, b) institutions, c) resources, d) technologies and e) policies."

Strategies: "It is expected that the concerned efforts put on these five domains, would bring synergetic and complementary effect to achieve gender equality."

She also elaborated each objective with strategies, adding as:

Objective relating to people- One: "Create an enabling environment for women to development competent, purposive and committed leadership to claim their right and contribute responsively."

Strategies: "Promote inclusive membership, invest in education and training enhance gender sensitization process, promote women's engagement in planning, implementation and decision making etc."

Objective relating to institutions -two: "Establish and strengthen efficient relevant and competent institutions to deliver services responsively."

Strategies: "Create institutional set up to ensure women's access to different levels, promotion gender sensitizes institutional values and culture, devise incentive mechanism for women's engagement etc."

Objective relating to resources -three: "Ensure adequate resources are made available, utilized and monitored."

Strategies: "Ensure women's equitable access to production resources, invest in women's friendly institutional setup etc."



Objective relating to technologies-four: "Enable cooperative members especially women, the policy making bodies and implementing institutions to get equipped with required information knowledge and technologies (e-governance)."

Strategies: "Promote and institutionalize e-governance and information, knowledge and technology (IKT) mechanism, establish and promote women friendly IKT mechanism etc."

Objective relating to policy -five: "policy- create and enabling environment for gender-responsive and inclusive cooperative movement."

Strategies: "Revise existing and development new policy, laws, regulators to ensure gender sensitize cooperative system, issue rights to information, guarantee legal and financial cooperation to the women victims from the fraudulent cases in cooperatives. etc."

Each strategy will be for a long period of time as 5 years, 10 years and continue. She continued to elaborate of objectives and strategies."

Comments of panelists

Ms. Subedi thanked organizers who offered him to discharge the responsibility of panelist in the last Segment of the Second Day Session of the congress. She said that the paper is just guidelines which help move forward for making plan and programme in the interest of women as a whole.

Ms. Subedi said that in Nepal 80 percent women's livelihood are based on the agriculture.

"Women mostly lack professionalism which may bring changes in their lives, particularly in youths lives"

"Women's participation is gradually increasing while women's monopoly in cooperatives is hindering to make majority of women forward." Stated Ms. Subedi.

Last panelist Ms. Prabha Koirala expressed her happiness to be one of the panelists in the working paper presentation in the session of the Congress, and many thanks to organizers with good wishes for the success of the Congress.

She added that women leadership is emerging in the cooperatives efforts for increasing are extremely necessarily.

Ms. Koirala said that efforts for empowerment are required through awareness creation activities which will help achieve the national target of 33 percent women's association in the cooperatives.

Open Floor Discussion

Questions asked by the participants are the following

1. Ms. Mira Pokhrel, Multipurpose Cooperative Society, Kaski
 - How can women's participation be increased?
 - Can Working papers be made in Nepali version?
2. Ms. Indira Bhattarai, Aincho Paincho Savings and Credit Cooperative, Kathmandu
 - Is there any need of equal participation of women and men?



3. Ms. Nirma Shrestha, Kabhre
 - Where is the working paper on women?
 - Is there women cooperative union required?
4. Ms. Parbati Giri, District Cooperative Union, Surkhet
 - What will be the role of committee members in cooperative?
5. Mr. Krishna Prasad Shrestha, Chitwan
 - It is not necessary to mention the mutual relation between women to women in the paper.

Replies of questions

Resource person and panelists jointly responded questions asked by the participants

The practices of inclusion of women and other groups of people encouraged women to take part in the different programmes. Due to the training and education activities women's participation was experienced to have been increased. The working paper presented by Ms. Ghale no doubt was in English. In view of the participation in the congress there were a number of participants from different countries. Therefore, the working paper was prepared in English and presented. However although it was in English, synopsis of the working paper in Nepali version was attached so that participants may easily understand major content in Nepali version.

It is felt that human society is composed of women and men. Both the classes of people are two wheels of vehicle like cooperative in which their equal participation is well and good for its smooth operation if it happens.

The working paper is related to the women. Some proposal incorporated in the working paper has focused on how to empower women through cooperatives.

Any type and level of cooperatives should be either business oriented or service oriented.

In accordance with the cooperative principle- cooperative among cooperatives, cooperatives exclusively for women can establish relation and coordination with the similar nature and purpose of cooperatives.

Speaking from the chair of the session Ms. Om Devi Malla Joshi greatly expressed that she was very much happy to be a chairperson and extended a lot of thanks to the organizers who offered her an opportunity to act as chairperson's responsibility in the last segment of the session of the second day's session of the Congress.

Ms. Joshi said that gender equality in fact is an important base of cooperative which makes effort to activist women, and empowers them through the different activities- awareness creation, training, education, seminars etc.

She also added that women members must take part in each activity of cooperative so that they may be able to understand activities, and have enlightenment. Based on their active participation, their outlook would be broaden.

Last but not the least she also thanked the resource person, panelists and participants who were actively involved in participation and made contributions from their own respective positions.

Part V

Closing Session

First National Cooperative Congress



General Information

The First National Cooperative Congress was jointly organized by the National Cooperative Federation of Nepal, the Ministry of Cooperatives and Poverty Alleviation, the National Cooperative Development Board and the Department of Cooperatives. It was held from 25-27 March 2014. According to its programme, the opening ceremony with the activity of the grand procession with a large number of members and representatives of cooperatives at all levels.

The opening session was held in the National Stadium located in Tripureshwor, Kathmandu in the first day of the Programme. The second and third day sessions took place in Hotel Soaltee Crowne Plaza in Kathmandu. All the activities of the Congress are stated in the earlier parts of this report.

Closing Ceremony

On the last day of the programme of the Congress, the closing ceremony was organized in the Hotel Soaltee Crowne Plaza.

On the auspicious occasion of the closing ceremony of the First National Cooperative Congress Right Hon'ble Prime Minister, Mr. Sushil Koirala expressed that he had extended a lot of thanks to organizers who kindly invited him to address the closing ceremony as a chief guest. He was also very much happy to participate in the closing ceremony.

Addressing delegates from almost all the parts of the country and foreign delegates Mr. Koirala said, "The cooperative movement has made a tremendous progress and many challenges also have been noted."

"It is certain that without protection and promotion of the Nepalese cooperative movement and people's aspiration will not be achieved."

"If we move forward firmly success can be certainly attained."

"I am fully confident that if all of us are actively involved in every respect including utilization of nature's gift. Nepal will fastly take motion in the development too."

"I have also confidence that democratic constitution will shortly come."

"Cooperative is the base of democracy. I am also committed to establish society which will have full security and free from corruption. Meanwhile, the Award giving ceremony was organized in conjunction with the holding of the First Nation Cooperative Congress."

Right Hon'ble Prime Minister conferred the "National Award of Appreciation" on Dr. Daman Prakash who has dedicated his meritorious and professional services rendered with Nepalese Cooperative



Making closing ceremony speech by Right Hon'ble Prime Minister Mr. Sushil Koirala of Indoor Sessions of the First National Cooperative Congress at Soaltee Crown Plaza, Kathmandu



Movement. Speaking on the occasion, Right Hon'ble Prime Minister congratulated him for the reception of the Award as the "National Award of Appreciation". He commended the professional and advisory services rendered by Dr. Prakash to the Nepalese Cooperative Movement since 1970 with full dedication.

Prime Minister also appreciated the efforts of NCF/N recognizing and appreciating his (Dr. Prakash) services to Nepal.

He also praised Dr. Prakash's expression of wish to be available to Nepal and when needed.

Making a speech former NCF/N Chairperson and former State Minister Mr. Deepak Prakash Baskota, he became very happy to attend this closing

ceremony of the Congress and congratulated the organizers of the Congress-Nepal Government, NCF/N, NCDB and DoC which had made a lot of contributions for making the Congress successful in a grand manner.

Mr. Baskota was reminding that other countries use to organize such Congress. He continued, saying, "The organization of Congress is of less importance. The Congress shows the past, present and current status and in further direction which will contribute to the prospect of the cooperative development."

Mr. Baskota suggested that opportunity should be given to create legal environment for the prospective development.

Further suggestions he made were "The promotion of the cooperative development should be involved spontaneously and should move forward by learning the lesson of the past history and present constitution without any prejudices."

Chairperson of Asia Credit Confederation, Mr. Simon A. Parera spoke on the same occasion and expressed hearty congratulation with good wishes for the grand success of the First National Cooperative Congress and an announcement of the 12 point Kathmandu declaration.

He also further added that the outcome of the Congress will be a guideline for the future direction of the cooperative movement.

Addressing Right Hon'ble Prime Minister, Ministers of Nepal Government, Leaders of the Cooperative Movement and Fellow Cooperators, ICA President, Ms. Dame Pauline Green was making a speech at the conclusion of the First National Cooperative Congress and highly extended congratulations to the National Cooperative Federation, the Ministry of Cooperatives and Poverty Alleviation, National Cooperative Development Board, the Department of cooperatives and their partners to present the First National Cooperative Congress in Nepal.

Ms. Green expressed her happiness, saying, "This was my first Visit to Nepal and I have learned so much and seen the passion, energy and drive of about 1,000 participants present at this meeting."



Right Hon'ble Prime Minister Mr. Sushil Koirala conferring National Award of Appreciation to Dr. Daman Prakash during the closing ceremony of the First National Cooperative Congress at Soaltee Crown Plaza, Kathmandu



Meanwhile, Ms. Green explained, adding, “Historians have shown that the concept of cooperation predates the concept of competition.”

She said, “We have lived through five or six decades of the dominance of radical competition throughout most of the world. Now the pendulum is swinging back towards a better balanced economy and towards an economic model that prioritizes working together, the benefits to be achieved by using the world’s resources more responsibly, balancing individual gain with community prosperity, driving down accountability from global centres to local community the global mood music is with cooperatives.”

Noting highlights, Ms. Green said, “The cooperative movement of Nepal is at a really important in its history.”

“Rapid growth, huge enthusiasm, bursting with ideas – just ready for the next step forward in building its member owned economy. This is also a challenging moment for your cooperatives.” Ms. Green said.

Citing her experience Ms. Green highlighted, “My experience from not just my own country, but the wider world, is that in such a period of growth there are thousands of people who are committed hard working cooperators who believe in what they are doing, and that it can change the lives of the people around them. These are the backbone of our movement and we must support, cherish and encourage them.”

“But correspondingly, at a time of growing visibility and raised profile, there will also be some people who will see cooperatives as a way of making a lot of money. You have experienced some of this in recent weeks and months. This is not a Nepalese problem – this happens throughout the world. These people we must guard against – all of us, because such people and their pseudo cooperatives have the potential to seriously damage the reputation of all cooperatives and damage the confidence and trust which grass roots members have in their own proper cooperatives.”

Ms. Green expressed her opinion, stating, “At this moment you have much to look forward to the following points saying: Firstly, your Constituent Assembly is working to produce a new constitution for Nepal. I take confidence from the assurances given to me by the Chairman of the Constituent Assembly when I met him last Monday that the constitution would be cooperative friendly.”

“Secondly, you also have a legislative framework which has helped to drive huge growth in new cooperatives with over 30,000 now flourishing across the country. In 2012 the International Year of Cooperatives, the UN asked all its member states to make sure that cooperative legislation in each country is fit for purpose in the 21st century. Legislation today needs to be empowering, enabling: empowering people to build cooperatives, and enabling those developments to occur in any sector of the economy where a good business case can be made for a cooperative.”

“I have had the great privilege as President of the International Cooperative Alliance to meet cooperators around the world. I am always asked two questions:”

“Firstly, what should we expect from our government? My answer is always the same in any part of the world as

1. “Governments should provide a good legislative environment in which cooperatives can grow and flourish: remember the cooperative principle that cooperatives should be ‘independent and autonomous’. This means that governments should not control cooperatives, nor should they appoint the Board or professional managers – those are the rights of the members.”



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2. “They should provide an arm’s length supervisory regime: i.e. they should establish a monitoring and supervisory system that works closely with the movement’s apex organizations, but which gives strong advice to cooperatives that are not meeting their legislative or governance responsibility – this sort of supervisory body would provide protection to those good, hardworking cooperatives and should provide confidence to members that their hard earned money is safe in the cooperatives hands.”
3. “They should give strong advocacy for cooperative enterprise: developing public policy and supporting regimes to encourage business to consider starting or becoming a cooperative. The movement could work with government to develop such policies.”
4. “They should provide business services tailored to cooperatives and they provide those tailored for the more traditional company or cooperation model: for instance where to go to find information on cooperatives; signposting to the movement apex bodies; explaining the principles and values of this form of member owned business.”

“The second question is what should government expect from us? This is an important question because if we are asking those things from government, then government has a right to expect something in return. I would suggest it should be as:”

5. “Good cooperative governance: government should expect that cooperatives as the values led model of business should live up to those values in the way in which they run their cooperatives.”
6. “Regular contested elections: there should be a lively interest in becoming a member of the Board of a cooperative with elections that are contested and not just the same people elected without challenge. Cooperatives need new, fresh thinking on their Boards – that is not to say that they disregard the contribution made by long standing members of the Board, but there are always other roles that need to be filled in a cooperative, for instance training new cadres of people wanting to stand for the Board, supporting members who want to understand more about their local cooperative, etc.”
7. “An active membership policy: when a cooperative fails, it is most often because the relationship with members has died, stagnated or been lost. It is crucial that new members are recruited, that members are given many opportunities during the year to engage, give their views, discuss new business initiatives, take part in campaigns and so much more, this way the cooperative can be seen to be leading community engagement.”

Expressing commendable programme of the Congress by Ms. Green, “This has been a remarkable Congress with a great programme and some brilliant speakers” he continued saying, “ If you are looking for a programme to go forward with your cooperative growth on a sustainable, in my personal opinion you would have to go a long way to find anything better than the most excellent paper presented this morning by the Governor of the Central Bank. It was well informed, exhaustive, strongly cooperative, advocated new cooperative sectors of the economy and was powerfully thought through. The Governor talked of energy coops, the need for housing, health services, financial inclusion to name just a few – you have no need to reinvent the wheel, the International Cooperative Alliance and global and regional level can support you. Whatever you might want to do, there is someone in the world, somewhere who has already done it. One of the great characteristics of the cooperative movement is that we like to share and help other cooperatives.”



Ms. Green expressed, adding, “Thank you for a great event, and you have our support and best wishes for your continued growth and success.”

Responding to the honour bestowed, Dr. Prakash said that his service to the cooperative movement of Nepal were full of concern and dedication and with full respect to the needs and wishes of the cooperative movement.

Dr. Prakash supported the best of the movement which can be sources with a high degree of professionalization and full cooperation and collaboration of the government of Nepal.

He expressed his extreme pleasure in being face to face with the Right Hon’ble Prime Minister and also being witnessed by ICA President with which he had spent almost 40 years of his professional life. He appreciated the NCF/N’s President acknowledged with appreciation of the professional advance firm by him from time to time.

Dr. Prakash expressed that he was very much thankful to Mr. Badal for conferring the award to him and NCF/N too.

Starting the closing ceremony, Mr. Lal Mani Joshi, Secretary, Ministry of Cooperatives and Poverty Alleviation welcomed Right Hon’ble Prime Minister, Mr. Sushil Koirala, ICA President Ms. Dame Pauline Green, NCF/N Chairman, Mr. Keshab Prasad Badal, Dr. Daman Prakash, Director of Rural Development and Management Centre, India, foreign delegates, cooperative experts, participants and other guests with full of appreciation of their gracious presence on the occasion.

Mr. Joshi, Secretary expressed gratitude to all the distinguished high level personalities guests and participants and informed that the 12 point Kathmandu declaration outlined would be addressed in the plan and programmed to be formulated and implemented in future. He also was of the opinion that in the context of the social change and as per demand of the cooperators, acts, rules and standard are to be changed.

Mr. Joshi warned that if challenges faced by the cooperative movement are not revised in time, it may be trapped. Therefore, all the stakeholders and cooperators should be seriously involved in them and the concerned Ministry expressed itself strong commitment for taking necessary measures.

NCF Chairman Mr. Badal expressed from the chair of the closing ceremony that first of all Right Hon’ble President Dr. Ram Baran Yadav who was kind enough to open the First National Cooperative Congress held in the National Stadium, Kathmandu expressed happiness to open if amidst a huge gatherings of distinguished guest representing the national and international cooperative fraternity and members of diplomacy corps. Meantime, he also announced 11 point Kathmandu Declaration-2014 having unanimous consensus of all the delegates of the Congress (See Annex-2).

Mr. Badal thanked ICA president, Ms. Dame Pauline Green for her gracious presence and her key note speech and her participation in all the activities of the Congress.

Mr. Badal expressed a hearty congratulation to Dr. Prakash who received “National Award of Appreciation” for his dedication of meritorious and professional services rendered to the cooperative movement of Nepal who presented an important working paper on evolving a good business model to enhance the sublime socio-economic welfare.

He also greatly appreciated the contributions to presentation of the working papers- Dr. Daman Prakash, the Director of Rural Development and Management Centre, Dr. Yuba Raj Khatiwada, Governor of Nepal Rastra Bank, Mr. Deependra Bahadur Kshetry, former Governor of Nepal Rastra Bank, Dr. Hari Krishna Upadhyaya, former member of Nepal Planning Commission, Dr. Chan Ho Choi, Regional Director, ICA-AP, New Delhi, Mr. Suresh Pradhan, Joint Secretary, Ministry of Cooperative and Poverty Alleviation, Prof. Dr. Laya Prasad Uprety, Mr. Vijaya Raj Ghimire, Vice-chairman of NCF/N, Mr. Kedar Neupane, Registrar of DOC, Mr. Umesh Prasad Dhakal, Chartered Accountant, Dr. Xu Mingfeng, Division Chief of International Business of All China, Federation of Supply and Marketing Cooperatives, Ms. Yamuna Ghale Programme Manager of ICIMOD and thanked all foreign delegates, all members of main organizing committee and steering committee, all Congress's organizers, co-organizers, sponsors, all national delegates of all cooperatives at all levels, NCF/N's committee members, cooperative experts for the preparation of two special publications- (1) Souvenir and (2) Programme Details of First National Cooperative Congress and all other NCF/N employees.

Mr. Badal commended all those distinguished personalities and agencies as mentioned earlier, whose immense valuable contributions made the Congress successful.

Mr. Badal expressed that he was fully confident that all the contributors would help such cooperation and support intellectually, morally and physically even in the days to come. Mr. Badal closed the closing session with big applause.



Photo taken during the working session of the First National Cooperative Congress being held in Soaltee Crown Plaza, Kathmandu

Part VI
General Review
First National Cooperative Congress



1. General Review

The modern cooperative movement started from Manchester of England in 1844 has passed 170 years until the current year 2014. It has been spread throughout the world and made for the economic and social development of the countries as well as their people. It has a capacity to avert the economic and social crises.

The cooperative movement has become an international movement. It can establish its relation with any networks established not only in the remote areas at village level but in the urban areas of any country. The networks' relation is based on ICA established in 1895. ICA is the apex organization of all cooperatives in the world at international level. It aims to promote, cooperatives and relation among the cooperatives in the world, and economic and social relation, and peace in the world.

The Nepalese cooperative movement includes the National Cooperative Federation of Nepal, many tertiary level cooperative unions, secondary level cooperative unions and primary level cooperatives. NCF/N has undertaken a very significant responsibility, of promoting cooperatives, their economic and social aspects, of strengthening the capacity of economic and social aspects and of maintaining relation among Cooperatives at all levels. Even the Interim Constitution of Nepal-2006 has fully recognized the cooperative sector equal to the government sector and private sector in order to enhance the national economic development.

In view of aiming at promoting mutual relation among cooperatives NCF/N has organized the First National Cooperative Congress in collaboration with the various agencies at government and non-government levels. Such important event has common objectives of NCF/N and ICA so far the promotion of cooperatives, that of strengthening of cooperatives.

As the decision of UN's 64th General Assembly held in December 2009 was made for the declaration of International Cooperative Year-2012 and the observance of International Cooperative Decade starting from 2011 to 2020, the First National Cooperative Congress-2012 was organized and was successfully completed organization of the Congress.

As per decision of the NCF/N's managing committee NCF/N called a meeting of the concerned agencies/stakeholders. In the meeting major organizers were specified as NCF/N, Nepal Government, NCDB and DOC, main organizing committee consisting of 84 members and Steering Committee consisting of 19 members.

The Steering Committee with the full support of NCF/N's employees and management supported by cooperative expert formulated plan and programme, approved and implemented. This was the outcome of the Review Meeting.

Following the completion of the Congress a Steering Committee meeting was held in the Ministry of Cooperatives and Poverty Alleviation in the agenda of review of the First National Cooperative Congress. The review meeting expressed that all the activities of the programme under the Congress as much was successfully completed and that all the organizers, co-organizers and contributors morally, mentally and financially cooperated and coordinated with all the concerned agencies and people.

A general opinion expressed by national and international participants was that participants have gained a lot of experiences of the global cooperative movement through the mutual interaction and exchanges of experiences.



2. Observers' view for areas of Improvement:

a. Participants

A number of participants were exceeded more than available space. The sizable number of participants would have been not more than 600 in such cooperative gathering considering resource management, space, etc.

b. Programme Management

The Congress would have been full working 3 days duration within the limited period and its total programmes are to be completed.

Business sessions were conducted as various segments in a day programme.

Total Participants were given choices to attend any one of segments of the session in accordance with their interested subjects.

The subjects for the discussion were equally important to each of the participants. But in all the segment of the session participants partly missed the important subjects though interested and required.

The number of working papers, which would have been limited were required not more than seven for 2 days. The time period for discussion would have been allocated enough. All the participants would have been given opportunity to attend all the subject related sessions included in the programme.

The panelists would have been well-informed as their responsibilities to be undertaken.

3. Publication

The Souvenir requires various articles dealing with different cooperative development areas not repeatedly similar areas for the publication. Articles would have not been published under any pressure, favour, liking or disliking.

4. Comments

There were a number of foreign guests, organizations and participants who had sent to NCF/N messages containing some comments/remarks on the basis of their participation, observance and experiences gained during the sessions of the Congress.

ICA President Ms. Dame Pauline Green expressed in her message containing the following views and comments:

"As ever, I have continued to learn about another unique and growing cooperative family this month when I had the honour of attending the First National Cooperative Congress in Kathmandu, Nepal. One of the real joys of my position as President of the International Cooperative Alliance is to meet with and talk to local cooperators. Only by gaining first-hand experience such as this can we at the Alliance hope to truly understand and act upon our members' needs. Nepal's cooperative movement



is enjoying resurgence and agricultural cooperatives are multiplying across the country, doing much to help lower the number of those living below the poverty line.”

“As ever, the challenge now is to help farmers to move on to the development of cooperatively owned value chain, so that their communities and benefit from the additional prosperity that will bring. The Congress began with a huge rally in the National Stadium which I was privileged to address along with the President of the Republic, and ended with an uplifting, personal and committed speech from the Prime Minister Mr. Sushil Koirala. This 800 strong Congress was as lively, passionate and bursting with committed cooperators as I’ve seen anywhere in the world. Congratulations to the Nepal Cooperative Federation for its organization.”

Dr. Daman Prakash, Director, Rural Development and Management Centre, New Delhi, India expressed in his message containing the following views and comments:

“On the whole, I am sure that the Congress went off very very well and with a high degree of participation of government, movement and cooperative workers and officials. It was very well organized and everyone seemed to be happy and satisfied. The presence of the ICA President for the entire period was wonderful, most welcome and unbelievable. She had taken a lot of interest in the programme and participated at various forums. My congratulations to you, Sir, for a very successful event organized. Kindly convey my sincere thanks to all your Board members and officials. Kindest personal regards from both of us.”

Mr. Bhima Subrahmanyam, Managing Director, National Federation of State Cooperative Bank, India expressed in his message containing the following views and comments:

“Let me at the outset, congratulate you for organizing the first ever Nepal Cooperative Congress from 25-28 March, 2014. It was an excellent Congress under the leadership of Hon’ble Keshav Prasad Badal Ji. All deserving appreciation to NCF is for their ability to bring the entire cooperative movement together. The Congress succeeded in associating the entire government machinery i.e. Ministry of Agriculture, Finance, Cooperation etc. Governor, Nepal Rastra Bank was a highlight of the Congress. What an excellent paper presentation. We did really injustice in not giving more time for him to present. It should have been a keynote address. Hon’ble Prime Minister of Nepal provided excellent support. He is a true cooperator.”

“Nepal Cooperative Movement should exploit the present conducive environment.”

“International cooperators are very much impressed with NCF and their excellent achievement. Others including ICA, and many countries should learn from you. I thank you for your cooperation during my visit to Kathmandu to attend the first ever Cooperative Congress.”

Mr. Kastian Haji Dula, Principal Assistant Director, Malaysia Cooperative Societies Commission expressed in his message containing the following views and comments:

“Congratulation to you is for the successful organizing such as a historical event. On behalf of the MCSC, I thank you for all the hospitality to our delegates. Our delegates are indeed honored to be part of the participants for the said event and looking forward for further cordial cooperation in future.”



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Mr. Xu Mingfeng expressed in his message containing the following views and comments:

“Thank you very much for your kind reception during our stay in Nepal.”

“The First National Cooperative Congress turned out to be a successful one. Very relevant and strategic activities had been for the future development for Nepal Cooperative Movement. Very good representation of cooperatives around Nepal, from primaries to federations was very impressive interactions between the participants and speakers during the Congress.”

“Outstanding hospitality of the sponsors, people from primary cooperatives to national federations are so nice and warm that I felt deeply inside your events.”

“As a resource person from ACFSMC, I tried to explain and share the philosophy and experiences of China Cooperative that shed the way for us in the past decades when we grew up into successful market players in China. It is both important that we learn from doing by ourselves as well as from others, especially from counterparts in the world. I appreciate very much that so many audience presented in my presentation. I found that their questions are enlightening me as well. I am grateful to the panelists who delivered very pertinent remarks on my presentation.”

“Obviously, a handful interaction between cooperatives in China and Nepal is not enough hopefully, our two organizations will foster the very good beginning to a prosperous future.”

National Cooperative Congress

25-27 March, 2014

Programme Schedule

Part VII
Annexure



1st National Cooperative Congress

25-27 March, 2014

Programme Schedule

24 March 2014	ARRIVAL of DELEGATES and Local Participants	
25 March 2014	<ul style="list-style-type: none"> • Grand Cooperative Rally • Mass Meeting at National Stadium, Tripureshwor, Kathmandu • Opening Ceremony • Delivery of message by Chief Guest, Right Hon'ble President Dr. Ram Baran Yadav and other high dignitaries 	
26 March 2014	Chairing the working paper initiation session	Co-chairman, Main Celebration Committee of 1st National Cooperative Congress
9.00-9.10	Seating on the dais	Chief Guest and other dignitaries
9.10-9.20	Key note speech	Ms. Dame Pauline Green, President of ICA
9.20-9.30	Key note speech	Hon'ble Minister of Finance Dr. Ramsharan Mahat
9.30-9.50	Vote of Thanks	Mr. Lilamani Poudel, Chief Secretary, Nepal Government
9.50-10.00	Closing of the initiation session	Hon'ble Keshav Prasad Badal, Chairman, NCF/N
10.00-10.30	-Break -	
	Working Session 1 Cooperatives: Best Business Model	Chair: Mr. Lilamani Poudel, Chief Secretary, Nepal Government Presenter: Dr. Daman Prakash, Cooperative Expert Panellists:
10.30:12.00		1. Prof. Bishwambher Pyakuryal, Advisor, NCB/N 2. Mr. Aruna Paul, Country Director, Habitat for Humanity
12.00:12.30	Questions/Discussion	
12.30-13.30	Lunch Break	



13.30-14.30	Working Session II Vision 2020: Cooperative Movement of Nepal	Chair: Mr. Krishna Hari Baskota , Secretary, Office of the Prime Minister & Council of Ministers Presenter: Mr. Bijaya Raj Ghimire , Vice Chairman, NCF/N Panelists: 1. Mr. Deepak Prakash Baskota , Former Chairman, NCF/N 2. Mr. Sudharshan Dhakal , Director General, Department of Transport Management
14:30-15.00	Questions/Discussion	
15.00-15.30	<i>Coffee break</i>	
15.30-16.30	Working Session III 1. ICA Blueprint Implementation and ICA-AP Strategic Plan -2013-2016 2. Role of Cooperatives in Poverty Alleviation and Social Transformation 3. Product Diversification and Trade through Cooperative Network	Megha Hall Chair: Hon'ble Keshav Badal , Chairman, NCF Presenter: Dr. Chan Ho CHOI , Regional Director, ICA-AP Panellists: 1. Mr. Rameshwor Khanal , Former Secretary, MoF 2. Mr. Tulasi Prasad Uprety , Former Executive Director, Nepal Rastra Bank 3. Mr. Tej Hari Ghimire , Regional Director, Norlha Malhar Hall Chair: Hon'ble Rabindra Kumar Sakya , Vice Chairman, NPC Presenter: Prof. Laya Upreti Anthropologist Panellists: 1. Mr. Janak Raj Joshi , Former Vice Chairman, PAF 2. Prof. Lal Babu Yadav , Patan Multiple Campus Madhavi Hall Chair: Dr. Ganesh Raj Joshi , Secretary, Ministry of Forests and Soil Conservation Presenter: Mr. Xu Mingfeng Division Chief of International Trade and Cooperation, ACFSMC China Panellists: 1. Ms. Ellen Kallinowsky , Chief Technical Advisor, GIZ 2. Mr. Navaraj Simkhada , Consultant, ADB



16:30-17.00	Questions/Discussion Summary /Conclusions by the Chair of Each Working Sessions	
27 March 2014		
09.00-10.00	Working Session I Cooperatives, Economic Democracy and Human Security	Chair: Mr. Shanta Raj Subedi , Secretary, MoF Presenter: Dr. Yubaraj Khatiwada , Governor, Nepal Rastra Bank Panellists: 1. Mr. Bhima Subrahmanyam , Managing Director, NAFSCOB 2. Mr. Haji Mat Jusoh , Head of Sector (Operational and Supervision) Malaysian Cooperative Societies Commission
10.00-10.30	Questions/Discussion	
10.30-11.00	<i>Coffee Break</i>	
	Working Session II 1. National Cooperative Policy and its Implementation	Megha Hall Chair: Hon'ble Rajendra Pande , Chairman, Nepal Central Health Cooperative Union Presenter: Mr. Suresh Pradhan , Joint Secretary, MoCPA Panellists: 1. Mr. Netra Prasad Neupane , Member Secretary of NCDB 2. Dr. Tritha Dhakal , Joint Secretary, NPC 3. Mr. K.B Upreti , Managing Director, NCB/N
11.00-12.00	2. Taxation Issues in Cooperatives: Future Policy	Malhar Hall Chair: Mr. Lal Mani Joshi , Secretary, MoCPA Presenter: Mr. Umesh Dhakal , CA Panelists: 1. Mr. H. Leslie Tissera , Additional Secretary, Ministry of Livestock and Rural Development, Sri Lana 2. Mr. Min Raj Kadel , Board Member, NCF/N



	3. Employment Generation through Cooperatives with reference to Youth	Madhavi Hall Chair: Mr. Punya Prasad Regmi Presenter: Mr. Deependra Bahadur Kshetry , Former Vice Chairman, NPC Panelists: 1. Dr. Bhim Neupane , Former Member, NPC 2. Mr. Ravindra K.C , Board Member, NCF/N
12.00-12.30	Questions/Discussion	
12.30-13.30	Lunch Break	
	Working Session III (Break Out)	Megha Hall
	1. Role of Agriculture Cooperatives for Economic Development	Chair: Mr. Jaya Mukunda Khanal , Secretary, MoAD Presenter: Dr. Harikrishna Upadhaya , Advisor, NCF Panelists: 1. Mr. Ashok Dabas , Member, Governing Council, NCUI, India 2. Mr. Yogendra Karki , National Program Director, PACT 3. Mr. Dilli Ram Tiwari , Board Member, NCF/N
13.30-14.30	2. Cooperative Law and Good Governance	Malhar Hall Chair: Mr. Yuba Raj Bhusal , Secretary, NPC Presenter: Mr. Kedar Neupane Registrar, DoC Panelists: 1. Mr. Prahlad Mali , Cooperative Expert 2. Mr. Shishir Dhungana , Joint Secretary, MoF
	3. Inclusion of Women in Cooperatives	Madhavi Hall Chair: Hon'ble Om Devi Malla Joshi , Board Member, NCF/N Presenter: Ms. Yamuna Ghale , Program Officer, SDC Panelists: 1. Ms. Prativa Subedi , Chairperson, Nari Chetana Kendra 2. Ms. Prabha Koirala , Board Member, NCF/N



<p>14.30-15.00</p> <p>15.00-17.00</p>	<p>Questions/Discussion</p> <p>Summary/Conclusion</p> <p>Announcement of Declaration of First National Cooperative Congress</p> <p>Offering Appreciation award to Dr. Daman Prakash</p> <p>Offering Token of Love to all Foreign Delegates</p> <p>Closing statement by</p> <ul style="list-style-type: none"> • President of ICA Ms. Dame Pauline Green • Chief Guest Right Hon'ble Prime Minister Sushil Koirala • Chairman of NCF/N 	<p>Experts Group</p>
<p>28 March 2014</p>		
<p>10.00-14.00</p>	<p>Visit to Primary Cooperatives</p>	<p>Only for Foreign Delegates</p>

29 March 2014-DEPARTURE



1st National Cooperative Congress

25-27 March, 2014

Kathmandu Declaration-2014

The Kathmandu Declaration-2014 issued at the programme organized in Kathmandu from 25-27 March, 2014 in a joint initiation of the Government of Nepal, Ministry of Cooperative and Poverty Alleviation, the National Cooperative Federation of Nepal, the National Cooperative Development Board and the Department of Cooperatives.

The cooperative movement which was at first, introduced in Chitwan district of Nepal with the establishment of a cooperative known as Bakhanpur Credit Cooperative Society and created an environment of trust among the people of Nepal. Today, to further strengthen the cooperative movement the cooperative sector has been recognized as one of the three pillars of the national economic development through generating self-employment, making contribution to poverty reduction through the remarkable cooperative enterprises.

This movement reckons the public trust upon cooperatives and hereby announces this Kathmandu Declaration-2014 by recognizing the people's enthusiasm, trust and involvement towards cooperatives.

1. Take an initiation in setting constitutional privileges about sustainable development and social justice through cooperatives.
2. Take necessary initiation to amend the existing Cooperative Act, Rules and Regulations to make them cooperative friendly.
3. Incorporate the best practices of cooperatives from across the globe to run cooperatives in line with the cooperative principles, values and philosophies.
4. Develop the trained human resources and promote education, training and information system with a view to ensuring production and qualitative financial services.
5. Increase the participation of women, youth and people from marginalized class and regions for social and economic empowerment to create equitable society through cooperatives.
6. Increase the access of cooperative sector for the agricultural production, processing and marketing for the product diversification, commercialization and to ensure food sovereignty and food security.
7. Act for establishing the cooperative sector as best business model as envisioned by the International Cooperative Alliance (ICA)
8. Take initiative for creating conducive environment for the enterprises which may render services in different sectors according to needs of the nation and society through cooperatives.



9. Remain effortful for the autonomy and freedom of cooperatives/unions and their solidarity affiliating all primary cooperatives/unions to their respective unions; a separate mechanism for the effective regulation and monitoring of cooperatives to be formed in involvement of cooperative movement
10. Enhance the relation and coordination among all the related sectors working for strengthening cooperative sector especially with the state, cooperative sectors and stakeholders to enhance access and quality service to those areas where cooperatives are not introduced and established yet.
11. To make double contribution of cooperative sector in GDP of Nepal within the coming five years by mobilizing the resources and means for the growth in production; sustainable economic development, employment generation, poverty reduction and building equitable society.



Annex-3

Publications

Annex-3a

Souvenir

The image shows the cover of a souvenir for the 1st National Cooperative Congress. The cover is primarily blue with white and yellow text. At the top, it features the motto "Sustainable Economic Development and Social Justice through Cooperatives" and the title "1st National Cooperative Congress" in large, bold letters. Below the title, it specifies the location "Kathmandu, Nepal" and the dates "25-27 March, 2014". The COOP logo is also present. In the center, there is text in Nepali: "सहकारी भाषात दिने आर्थिक विकास तथा सामाजिक न्याय" (Economic development and social justice through cooperatives), "प्रथम राष्ट्रिय सहकारी महासम्मेलन" (1st National Cooperative Congress), "चेत्र ११ - १३ २०७०" (Chaitra 11-13, 2070 BS), and "काठमाडौं, नेपाल" (Kathmandu, Nepal). The word "SOUVENIOR" is written in large, bold, yellow letters, and "स्मारिका" (Souvenir) is written in large, bold, white Nepali characters below it. At the bottom, contact information for the 1st National Cooperative Congress Secretariat is provided, including the address, phone numbers, and website.

Sustainable Economic Development and Social Justice through Cooperatives™

1st National Cooperative Congress

Kathmandu, Nepal 25-27 March, 2014

सहकारी भाषात दिने आर्थिक विकास तथा सामाजिक न्याय

प्रथम राष्ट्रिय सहकारी महासम्मेलन


चेत्र ११ - १३ २०७०
काठमाडौं, नेपाल

SOUVENIOR
स्मारिका

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Program Details



Sustainable Economic Development and Social Justice through Cooperatives™

1st National Cooperative Congress

Kathmandu, Nepal 25-27 March, 2014



सहकारी मार्गलेर विकास तथा सामाजिक न्याय

प्रथम राष्ट्रिय सहकारी महासम्मेलन

चैत्र ११ - १३, २०७०
काठमाडौं नेपाल

PROGRAM DETAILS

कार्यक्रम पुस्तिका

1st National Cooperative Congress Secretariat
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FINAL REPORT
अन्तिम प्रतिवेदन

Annex-3c

Final Report

"Sustainable Economic Development and Social Justice through Cooperatives"

1st National Cooperative Congress
Kathmandu, Nepal 25-27 March, 2014



FIRST NATIONAL COOPERATIVE CONGRESS
FINAL REPORT
July 29, 2014

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Statement on the Co-operative Identity

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

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